

FIRST OPERATIONS REVIEW OF THE " NEGOSYO MO,
TABANGAN KO" (NMTK) MICRO LOAN PRODUCT OF THE

NEW RURAL BANK OF LIANGA, INC.
(ENTERPRISE BANK)
March, 2002

Prepared by the Rural Bankers Association of the Philippines-
Microenterprise Access To Banking Services Unit (RBAP/MABS)

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Enterprise Bank NMTK OPERATIONS REVIEW

1.0 INTRODUCTION

1.1 Purpose and Mechanics of the Review

The Operations Review is an activity undertaken by RBAP-MABS for its participating banks to provide the bank's management with an independent review of the status of their microfinance operation, and determine the critical interventions needed to improve program planning and implementation.

The Operations Review for Enterprise Bank is focused on its loan product for individual micro entrepreneurs – the *Negosyo Mo, Tabangan Ko* (NMTK). The review covers the period January-December 2001 and includes the five bank branches currently being monitored by RBAP-MABS, i.e. the Barobo branch, San Francisco branch, Tandag branch, Bayugan branch, and Hinatuan branch.

The review team was composed of Cecilia Dicdiquin, RBAP-MABS Area Manager for Northern Mindanao, Bernabe Bunao, RBAP-MABS Associate Microfinance Adviser, and Raike Quiñones, RBAP-MABS Training Manager. Atty. Ronald Alvizo, Enterprise Bank General Manager, also accompanied the team in visiting the branches. The team visited the branches on January 23-25 and February 7-9, 2002.

The review team undertook the following activities: discussions with branch officers and staff, loan documents review, client exit survey, focused group discussion with selected NMTK clients, and wrap-up discussion with the bank management.

The review team discussed the highlights of the report with the head office and branch officers of the bank on March 9, 2002.

1.2 NMTK Background

Prior to NMTK, the bank had tried providing loans to individual micro entrepreneurs. However, it soon experienced serious loan delinquency problems. Consequently, when the bank president introduced KMTK, the bank's group lending program, in 1997 and found that its client outreach and loan repayment was vastly superior to those under its individual loan product, the bank shifted its priorities and resources toward its group loan product and expanding its KMTK loan portfolio.

When bank management felt that its KMTK product had been sufficiently tested and improved, it turned its attention to enhancing its individual loan product. In December 1998, the NMTK was conceptualized and introduced by the bank President. To make sure that the new product will not be competing with the bank's own group loan product, NMTK was only to be promoted among microenterprises with merchandise inventories of at least P10,000.

Initially, only four of the bank's nine branches were interested to try out the new loan product – Bayugan, San Francisco, Barobo and Tandag. The rest reportedly were hesitant given their poor experience with their previous individual loan product.

The bank became a participant of the MABS program in July 1999. The agreement was for MABS to assist the bank further develop its individual loan product. The bank wanted to make NMTK's

client outreach as fast and as efficient as that of its group loan product. (It should be noted, though, that the bank's biggest concern, at that time, was for MABS to help it enhance its MIS program to enable it to track the status of its rapidly expanding group loan portfolio.)

The bank's branch in Barobo was selected as the pilot branch for MABS. The bank's most important consideration in selecting the branch was the experience and "entrepreneurial" or risk-taking inclination of its manager. The only drawback was the town has a relatively small microenterprise sector (compared with that of Bayugan, for example) and that, because of this, client outreach may not be significantly large. However, it was believed that for pilot-testing purposes, the branch in Barobo will be sufficient.

The features of the MABS-enhanced NMTK, as implemented in Barobo, were a bit different from the NMTK product being promoted in the other three branches. These include pick-up daily or weekly payments (other branches require NMTK borrowers to remit their payments at the bank); eligibility of applicants with stock inventories below P10,000; and use of cash flow to determine the maximum loan amount.

Even among the other three branches promoting the NMTK, though, there were likewise several policy and procedural differences. For example, a branch requires new loan applicants to go through and pass a written test, while the others do not; another branch imposes the P1,000 penalty for every delayed payment, while the others do not; and that a branch conducts the CI/BI before the client orientation, while the others follow the reverse.

In March 2000, when it was believed that the market in Barobo was near saturation (i.e. client outreach stagnated and loan applications from the new and very small business operators start coming in and make up the bulk of NMTK loan applications), the MABS program was expanded to cover the San Francisco branch. (One of the two NMTK AOs assigned in Barobo was transferred to San Francisco). However, even with the two branches, NMTK client outreach remained far below the target of 500 active borrowers which the bank was committed to deliver under the MABS program.

When the bank President returned from his one-year leave of absence in June 2000, it was decided to involve all nine branches in the promotion of NMTK to improve the bank's client outreach under the MABS program. The problem at that time, however, was that the four branches then promoting the NMTK each had their respective variations of the product.

Consequently, in August 2000, a workshop involving all branch managers, as well as head office and NMTK field personnel, was held to standardize the features and lending procedures of NMTK. The NMTK loan product manual was, thereafter, revised and a copy distributed to each branch. The product manual that was amended during this workshop represents the official and standardized policies and procedures of NMTK.

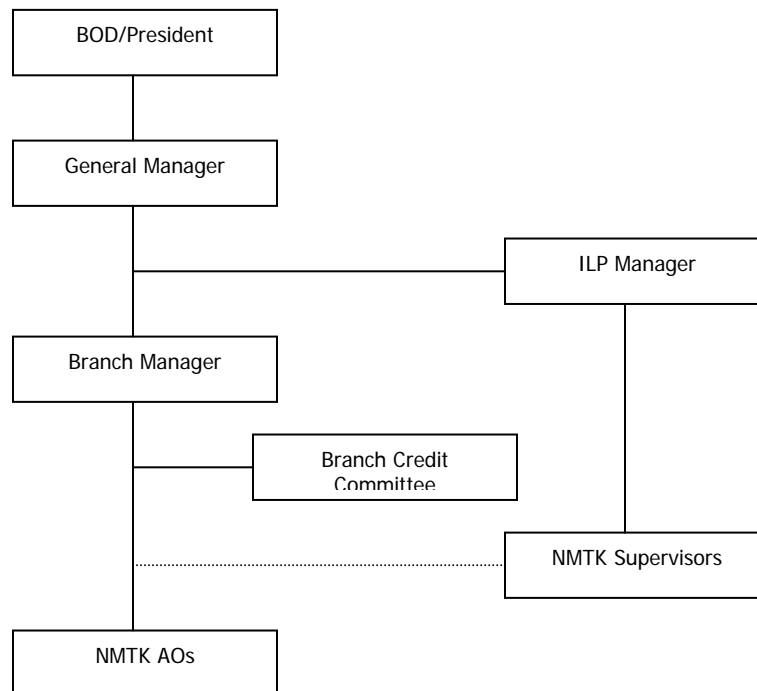
3. NMTK Program Areas

As of the date of the review, the NMTK is being promoted in the branch offices of Bayugan, San Francisco, and Tandag, and in the field offices of Butuan City, Bislig City, Tagum City and Gingoog City.

A new NMTK sub-product, called "Arawan" was also introduced in October 2001 which is intended for market vendors and is paid on a daily basis. As of the review period, Arawan is being promoted in San Francisco and Bislig.

2.0 ORGANIZATION AND MANAGEMENT

2.1 NMTK Organizational Structure



At the Head Office, a full-time Manager for Individual Loan Products (ILP) is supposed to assist the General Manager in monitoring and supervising the implementation of all individual loan products, including the NMTK, at the branches. In particular, the ILP Manager is supposed to take the lead role in NMTK product review and enhancements, and in ensuring that the approved policies and procedures of NMTK are implemented by the branches. After the August 2000 product standardization workshop, the bank President temporarily assumed this function. As of the date of this review, however, the ILP Manager has yet to be appointed.

As the NMTK operations expand, NMTK Supervisors will also be employed to assist the ILP Manager oversee NMTK operations at the branches, especially in the training and coaching of AOs, review of new loan applications, and in following up of delinquent loan accounts. A Supervisor can work with a cluster of branches, or be dedicated to a single branch, depending on the number of NMTK AOs in his area of coverage. (A branch having at least three full time AOs will require one full-time Supervisor). The NMTK Supervisor is supposed to report to the ILP Manager while working directly with the branch managers and NMTK AOs. However, if the NMTK Supervisor works with only one branch, he/she reports directly to the branch manager. As of the date of the review, however, NMTK Supervisors have yet to be appointed.

At the branch office, a branch credit committee, chaired by the Branch Manager and participated in by the NMTK Supervisor, NMTK AOs, and one or two other employees of the branch (e.g. branch cashier, accountant), meets regularly once every week to assist the manager review and decide on NMTK loan applications, as well as review and decide on appropriate actions against delinquent loan accounts.

2.2 Human Resources for NMTK

Table 1
Distribution of NMTK Account Officers, By Product & By Bank Office
As of January 31, 2002

Bank Office	NMTK		Arawan	
	Full-time	Part-Time	Full-time	Part-Time
Bayugan		1		
San Francisco		1	1	
Barobo		1		
Tandag		1	1*	
Butuan		2		
Bislig		1	1	
Tagum		1		
TOTAL		8	3	

*As of the review period, was detailed at San Francisco branch for on-the-job training

Except for the field office in Butuan City which has two NMTK AOs, all the rest of the bank offices promoting the NMTK has only one AO each.

All NMTK AOs, moreover, are reported to be handling other types of individual loans (agricultural, regular commercial, and salary loans). The time spent by these AOs on NMTK loans vary depending on the number of their respective NMTK accounts. Most, however, claim to spend at least 50% of their time on NMTK operations.

In contrast, the Arawan loan product has three full-time AOs.

The practice of assigning other types of loans to NMTK AOs was prompted by the need to make their productivity (in terms of the number of loan accounts supervised) on par with that of the group loan AOs. A group loan AO is expected to supervise a minimum of 300 borrowers. NMTK AOs, on the other hand, are required to handle either a minimum of 200 loan accounts or P1.5 million in loan portfolio (whichever is attained first) before they can become regular bank employees.

3.0 PRODUCT OVERVIEW

3.1 Product Features

MABS assisted Enterprise Bank in developing an individual microfinance loan product called "NEGOSYO MO, TABANGAN KO" (NMTK). In the last quarter of last year, the bank designed and implemented another individual microfinance loan product called "ARAWAN". Although both NMTK and ARAWAN are individual loan products, the delivery systems of the two products are different. However, the review was focused on the two individual loan products only. The features of these two products are described in the table below.

Table 2
NMTK Product Features

Product	Loan sizes	Loan terms	Interest Rates	Service fees	Penalty fees
NMTK	3,000-50,000	30-180 days	2.5%-3%/mo	5%one time	5%/month
ARAWAN	10,000-50,000	20 & 40 days	5%	None	

We have noted during the review that pricing of NMTK was not consistent. According to the Branch Managers, interest rates and service fees change to address competition. Interest rate was ranging between 24% p.a., 30%p.a. and 36% p.a. Service fee is supposed to be 5 %per availment, but we noticed that on some months, they charge 5% per annum.

3.2 Lending Procedures

Lending Procedure in the different branches is standard for both NMTK and ARAWAN.

3.2.1 NMTK

Client Orientation – All branches do not conduct group Client Orientation. As the AO's market clients, they brief each interested client individually on the product features, client eligibility and loan requirements.

CI/BI - The AO's do Credit and Background Investigation for first time borrowers only. We noticed that CI/BI is not being updated even if the client has already availed several loans. AO's also give much weight to the client's inventory level in deliberating the amount of loan to grant to the client, rather than the cash flow.

Cash Flow computation – We noted several errors in the computation of clients' cash flows. Most common is the treatment of positive Net Cash. These are being added to the negative cash columns. We also noticed that cash flow computations are not being analyzed, especially the spread resulting from the declared sales and purchases. Some sari-sari stores for example, reflect a spread of 40% in their cash flows.

Loan Approval – Credit Committee Meetings are not done at the branches. Branch Managers are all given authority to approve loans Php10,000.00 and below. Loans above Php 10,000.00 are being forwarded to Lianga for review and approval by the Credit Committee or the President.

Loan documentation – AO prepares loan documents for approved loans. We noted that loan documents are sometimes signed by the borrowers outside of the bank. This is the reason why there are inconsistencies in signatures of some clients and co-makers.

Loan Releasing – The bank issues Cashiers' Checks for the net proceeds of the loan and release the check direct to the borrowers. In effect, the total proceeds of the loan is being withdrawn outright.

Loan Collection Procedure – A significant number of borrowers (between 30%-40%) come to the bank to pay. This is a very good practice since this will allow the AO's to spend more time in marketing new loans.

3.2.2 ARAWAN

Client Orientation – Just like NMTK, AO's orient their prospective ARAWAN clients one-on-one as they market.

CI/BI – AO does CI/BI only for clients whom they do not personally know.

Cash Flow Computation – The ARAWAN AO's do a very brief and very abbreviated format in computing the cash flow of the borrower.

Loan Approval – Being an express loan, approval is committed to be within 48 hrs for new loans and within 24 hrs for repeat loans. The BM's also have approval authorities of Php10,000.00 for

new loans. For repeat loans, they can approve more than this amount for class A clients, without step up in the loan amount.

Loan documentation – This express loan is covered with a one-page document that contains the abbreviated versions of the loan application, the CI/BI, the Cash Flow, the Promissory Note and the Disclosure Statements. It was noted during the review that many ARAWAN loan documents are not properly filled up and/or signed by the borrowers or their spouses.

Loan Releasing – Just like NMTK, releasing of ARAWAN loans is also through Cashier's Checks directly given to clients.

Loan Collection Procedure – In San Francisco Branch, the borrowers come to the stall rented by the bank inside the public market. They are required to pay in the morning, so that by early afternoon, AO visits those borrowers who fail to pay in the morning. In Bislig, the borrowers pay their loans at the field office in Mangagoy.

3.3 MIS

The bank uses a system that is specially customized for their operations. It can generate the standard MABS reports and the reports for their group loan product. We have noted during the review that posting of loan payments is very much delayed. The branches have to wait for the collection reports from their field offices that come about 3 to 5 days late. In Hinatuan branch, posting of ARAWAN loan payments are sometimes 11 days late. We have called the attention of the Branch Manager since this practice, if tolerated, could cause a very serious internal control problem related to collection handling.

MABS Reports generation is being done once a month only to comply with MABS requirements. The Branch Managers do not use the PAR aging or the Delinquency Report for portfolio quality monitoring. They print the Bitay report every Friday, which higher management uses in monitoring loan portfolio quality. The Bitay report, though, reflects only the amount of missed payments, not the amount of the portfolio at risk.

4.0 PRODUCT PERFORMANCE

4.1 Product Outreach

Table 3
NMTK Client Outreach Indicators, By Branch
As of December 31, 2001

Outreach Indicators	Barobo	San Francisco	Bayugan	Tandag	Hinatuan	TOTAL
Active Borrowers						
Number	106	23	87	43	54	313
% Increase (Jan-Dec 01)	3.0%	-58.2%	-41.2%	-2.3%	28.6%	-22.1%
Loan Portfolio						
Amount	580,639	201,128	546,074	591,503	524,457	2,443,801
% growth (Jan-Dec 01)	37.0%	-34.2%	-23.1%	53.0%	35.9%	10.4%
Ave. Loan Size	8,123	12,021	7,383	17,591	16,323	10,792
AO Performance						
# AOs	1	1	1	1	1	5
Ave. # Clients per AO	106	23	87	43	54	62
Ave. Portfolio per AO	580,639	201,128	546,074	591,503	524,457	488,760
Dropouts						
# Dropouts	61	59	102	25	49	296
Dropout rate	36.5%	72.0%	54.0%	36.8%	57.3%	47.0%
PAR Ratio						
Over 7 days	9.9%	41.8%	18.3%	26.1%	31.4%	23.0%
Over 30 days	3.6%	9.3%	10.4%	9.4%	8.1%	8.0%

4.1.1 Client Outreach

The number of active NMTK borrowers have declined overall by 22%, particularly in the branches of San Francisco & Bayugan. The outreach in San Francisco has been greatly affected by the shift of emphasis of the branch towards loan collection and the promotion of the new product (Arawan). That of Bayugan is attributed to the effects of the slowdown of the local economy, particularly of the widening of the national highway which caused many microenterprises located along this road to close shop.

The outreach in Hinatuan, on the other hand, showed a 29% increase. This can be attributed to the size of the potential market in Bislig, and the fact that the branch started the year with a small active client base (42 accounts) such that only a small increase in absolute number (10 accounts) is needed to create a double-digit growth rate.

4.1.2 Loan portfolio

The NMTK loan portfolio grew overall by a modest 10% in 2001, from P2.22 M to P2.44 M with the Tandag branch registering the highest growth rate (53%). The San Francisco branch has the smallest NMTK operation, having the smallest portfolio and the lowest client outreach, as well.

Note, however, that the four other branches have, more or less, similar portfolio sizes, even with unequal client outreach. Tandag, for example, which has an outreach that is only 41% of that of Barobo, nevertheless, has the biggest portfolio of all the five branches. The reason for this is that its loan sizes are, on average, more than double those of Barobo's.

4.1.3 Staff productivity

As of year-end 2001, the average number of active accounts handled by each AO is 65. The actual number varies per branch, with the Barobo branch having the biggest number of active accounts (106 borrowers).

The number of NMTK accounts handled by the AOs is primarily determined by the size of the target market and the time spent by the AOs on NMTK.

The market for NMTK loans, however, is limited to those microenterprises with stock inventories of at least P10,000. (Tandag's minimum inventory level is P15,000.) Given that the number of microenterprises becomes fewer the higher one goes up the inventory ladder, it would be difficult for NMTK AOs to easily generate the desired numbers, especially in an area with a small microenterprise sector. Barobo, inspite of it having the smallest market, is able to reach over a hundred active clients even before 2001 partly because it disregarded the minimum inventory rule.

Another restraining factor is the bank's policy of limiting the promotion of NMTK only in non-KMTK areas.

AOs also could not devote their full time and attention to NMTK. Aside from NMTK, they are also expected to promote and supervise other types of loans. However, AOs interviewed by operations review team claim that while they spend, at least, half of their time on NMTK loans, they would rather, given a choice, focus their time on salary loans. NMTK loans, they claim, is hard work with little value added to their respective loan portfolios.

4.1.4 Dropouts

The overall NMTK client drop-out rate in 2001 is a high 47%, with the highest being observed in San Francisco.

Table 4
Clients' Reasons for Dropping Out from NMTK

	No.	%
Reasons		
Asked to transfer to ARAWAN or KMTK	4	13.8
Dropped by the bank	12	41.4
Voluntarily stopped	13	44.8
-Business is slow	5	17.2
-Business was closed	3	10.7
-Has enough capital	2	7.1
-Not needed now/business is seasonal	1	3.6
-Not needed/loan used to buy res. lot	1	3.6
-Other reasons	2	7.2
Total	29	100.0

The two most common reason given by a sample of NMTK clients for dropping out are that they either voluntarily stopped (45%) or that they were dropped by the bank (41%). In the San Francisco branch, however, most of the clients interviewed were "transferees" from KMTK to Arawan.

The decision to stop borrowing from the program may only be temporary, however. A majority (69%) of those interviewed claim that if given another chance by the bank to borrow again or when business condition improves, they will avail of NMTK loans again.

Table 5
Clients' Willingness to Avail of NMTK Loans Again

	No.	%
Will borrow again	20	69.0
Maybe	4	13.8
Don't know	3	10.3
Will not borrow again	2	6.9
Total	29	100.0

A substantial number (24%), on the other hand, said "maybe" or "don't know", claiming that they would avail of an NMTK loan again only if their business improves or if they are able to put up a new business again.

Very few (7%) were categorical in claiming that they will never borrow again from the bank either because they already have enough capital or that they felt bad about the bank's lending policy (particularly, the penalty on past due loans).

Among those with good credit records who voluntarily stopped, nobody claimed or admitted that they resorted to borrowing from other lenders after they stopped availing of NMTK loans. The reasons why they like to avail of NMTK loans are shown in the table below:

Table 6
Two Aspects Dropout Clients Like Most About NMTK Loans

	No.	%
Product Features		
Low interest	12	20.7
Easy- to-pay installments (daily or weekly)	3	5.2
Forced savings	2	3.4
Incentive to good clients (bigger loan)	1	1.7
Can adjust term of succeeding loan	1	1.7
No group liability	1	1.7
Term is shorter	1	1.7
Good policies	2	3.4
Sub-Total	33	56.9
Service		
Loan staff not strict/understanding/ Approachable/good in dealing with clients	14	24.1
Fast release	6	10.3
Explains policies & issues to clients	1	1.7
Frequent reminder of installment dates	1	1.7
Good service	3	5.2
Sub-Total	25	43.1
Total	58	100.0

The majority (57%) of those interviewed claim that they like the features of the NMTK loan, particularly its low interest. More than the interest rate, however, what NMTK clients appear to like most is the openness and responsiveness of the NMTK AOs.

On the other hand, the aspects some clients like least of NMTK loans include: loan penalty charges (too high; penalty is imposed even if delay is only one day), loan deductions, loan requirements, and slow processing of new loans. The majority (62%), however, do not find anything wrong with their NMTK loans.

Table 7
Two Aspects Dropout Clients Like Least About NMTK Loans

	No.	%
Loan penalty charges	4	13.8
Many items/big amount deducted from loan	3	10.3
Many requirements/documents to sign	2	6.9
Slow processing of new loans (2 weeks)	2	6.9
Manager very strict	1	3.4
Weekly collection	1	3.4
Got smaller repeat loan	1	3.4
Being strict of payment is delayed	1	3.4
Loan client orientation	1	3.4
Restructuring charges	1	3.4
None	18	62.1
Sub-Total	29	100.0

In order to further enhance the competitiveness of NMTK loans, the most common request clients are asking is for the term to be extended from 3 months to 5-6 months for bigger loans or during times when business is slow. The second most common proposal is for the bank to allow semi-monthly or monthly installment payments.

Table 8
Aspects Dropout Clients Would Like Changed to Further Enhance the NMTK Loans

	No.	%
Extend term (from 3 to 5-6 mos.) when business is slow or for bigger amounts	7	24.1
Allow semi-monthly or monthly payments	6	20.7
Reduce interest	2	6.9
Reduce penalty charges	2	6.9
Reduce loan deductions	1	3.4
Faster loan release	1	3.4
Explain fully the charges deducted for repeat loans	1	3.4
Stop imposing restructuring charges	1	3.4
Shorten term to 40 days	1	3.4
Reduce interest to that of NMTK (Arawan)	1	3.4
Extend term to 60-90 days (Arawan)	1	3.4
Increase loan size (Arawan)	1	3.4
Sub-Total	29	100.0

Among Arawan borrowers, their proposals include reduction of the interest to that of NMTK, extending the term, and increasing the loan sizes.

4.1.5 Evaluation by Good Clients

A discussion was done with a group of selected NMTK clients in good standing with the Mangagoy field office regarding the product. The highlights of the discussions are shown in the table below.

Table 9
Product Evaluation by Good NMTK Clients

Product Feature	Comments/Suggestions
Interest	Low (compared with lending investors)
Forced savings	Well-liked; amount (5%) just right
Processing time	Just right (1 week)
Term	Just right (short-term better; can renew loan immediately)
Mode of Payment	<u>Majority opinion:</u> Just right (weekly payments enable borrowers to revolve capital longer as against daily payments)
	<u>Minority opinions:</u> -Offer bi-weekly payments as an option -Offer monthly payments but allow weekly payments as an option so that if weekly payments are delayed, no penalty will be imposed. Penalty should be applied only when the monthly payment is delayed.
Loan requirements	Just right
Other Comments	-Provide life insurance either as an option or only for higher loan brackets -For better client outreach, put up signage (office is not known) and/or move to a better location

4.1.6 NMTK AOs' Reason for Low Client Outreach

The AOs in Bislig admit that putting up a signage will greatly help in attracting more clients. They also claim, however, that their low outreach is due mainly to the fact that many (about 40% based on their estimate) do not qualify as they do not meet the P15,000 minimum inventory rule.

4.2 **Loan portfolio quality**

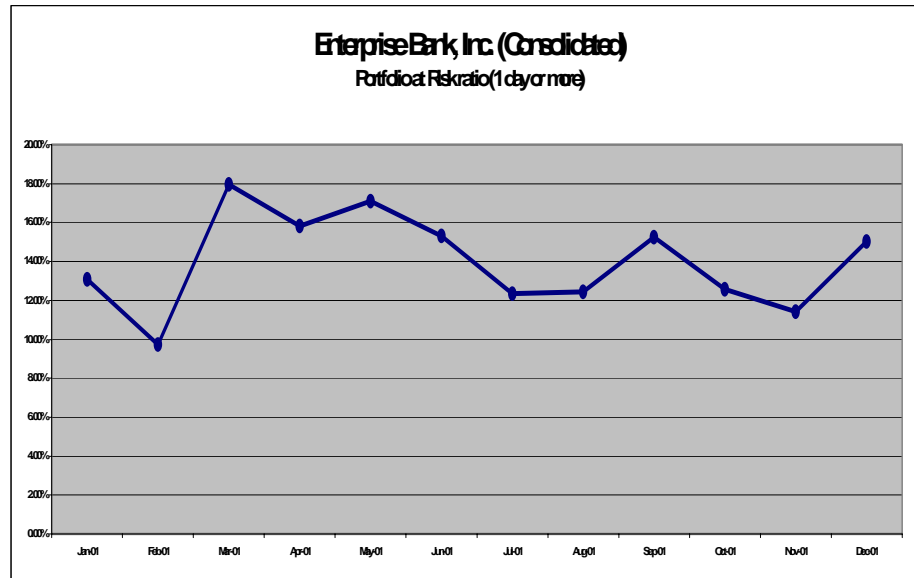
For the past twelve months, the Portfolio At Risk (PAR) level of NMTK has been way above the 5% threshold. Below is a graph showing the trend of the PAR level of the product from January to December, 2001:

Table 10
Portfolio At Risk (PAR), By Branch and By Month
January to December 2001

ENTERPRISEBANK, INC.

CONSOLIDATED MICROFINANCE PERFORMANCE

Performance Data	Jan01	Feb01	Mar01	Apr01	May01	Jun01	Jul01	Aug01	Sep01	Oct01	Nov01	Dec01
Portfolio Risk (1 day or more)												
Bayan PAR Amount	50,962.00	86,009.00	110,184.00	98,453.00	89,956.00	98,833.00	94,845.00	60,150.00	71,420.00	50,366.00	79,196.72	100,084.15
Bayan PAR (%)	7.17%	13.27%	21.99%	18.37%	15.98%	17.13%	20.91%	11.52%	13.32%	10.59%	14.69%	18.33%
Bardo PAR Amount	67,919.00	24,742.00	53,384.00	41,358.00	143,453.00	45,726.00	82,239.00	77,357.00	80,949.00	44,655.00	73,951.51	57,007.00
Bardo PAR (%)	17.73%	4.58%	8.63%	5.89%	20.72%	5.71%	9.99%	10.51%	12.20%	8.18%	10.58%	9.48%
Hindun PAR Amount		58,221.00	75,233.00	58,611.00	24,318.00	103,455.00	51,329.00	67,952.00	95,274.00	49,314.00	63,855.74	164,743.00
Hindun PAR (%)		15.09%	16.53%	13.74%	5.14%	18.39%	7.78%	10.48%	16.77%	6.90%	10.58%	31.41%
Tandag PAR Amount	74,549.00	22,439.00	68,176.00	63,420.00	47,315.00	98,660.00	80,028.00	91,193.00	59,529.00	80,953.00	107,521.36	154,397.00
Tandag PAR (%)	19.28%	5.74%	12.42%	1.24%	9.60%	15.51%	13.88%	13.88%	9.78%	12.97%	19.48%	26.10%
San Francisco PAR Amount			129,333	175,127	118,263	95,261	48,752	61,297	105,695	109,724	33,389.9	16,006.00
San Francisco PAR (%)			42.31%	76.60%	46.28%	30.68%	12.91%	19.51%	32.08%	36.08%	0.70%	1.68%
Total PAR Amount	193,430	191,411	466,311	379,891	423,346	437,916	357,194	357,964	412,868	334,992	327,875	498,638.00
Total PAR (%)	13.07%	9.74%	17.98%	15.81%	17.08%	15.30%	12.38%	12.48%	15.29%	12.58%	11.43%	15.02%



The NMTK AO's feel that the low portfolio quality is due to the difficult economic condition of their respective communities. However, looking at the portfolio quality of the bank's group loan product, we could see a different picture, with a collection rate of close to 100%. If we relate this collection rate to its potential PAR level, still the portfolio quality appears to be much better than that of NMTK.

In a deeper analysis, the quality of the NMTK portfolio is greatly affected by the following factors:

1. Product delivery system – AO's are not able to embrace the discipline of the product because they are not handling purely NMTK portfolio. When they handle different loan products, the natural tendency is for them to sell the product that is easier to administer, and not so demanding in terms of supervision and monitoring.
2. Portfolio monitoring system – The weekly PAR report is not printed and not analyzed by BM's regularly. Using the Bitay weekly report is fine, however, the information that they could get from the weekly PAR aging report could not be found in the Bitay report.
3. Delinquency Control - The Alarm Signals are not properly implemented (with the BMs' intervention) in order to control the level of delinquency and to prevent current accounts from becoming delinquent. BM's must be actively involved in implementing the Remedial Management Measures at an earlier stage. Review of the Arawan portfolio in Mangagoy for example, revealed that the BM was not aware that there are many borrowers who have defaulted in their payments already. The BM realized the inadequacy of his monitoring, particularly at the field office since he was caught unaware of the delinquency problem with the Arawan loan product in particular. In fact, there was one client that was past due maturity already.
4. Client Selection Process – The group client orientation is still more beneficial to the bank, as compared to the individual client orientation. The AO's could discuss the product features more thoroughly in a group client orientation session since they will be properly guided with visual aids. Moreover, the BMs must consciously monitor how Client Orientations are being done to be able to check what information is being relayed to the clients, especially the charges and fees of the loan product.
5. Quality of loan assessment – The credit judgment of the AO's will be reinforced through strict implementation of credit policies and procedures, especially the cash flow computation & analysis. This should be monitored at the BMs' level.
6. Quality of loan documentation – Documentation review revealed several lapses in the lending procedures. Lapses were very significant and could potentially lead to serious internal control problems, if left uncorrected. For example, the security agreements were signed, but with no pertinent details on the items being held as loan security. If the loan becomes delinquent, the bank could not enforce the security agreement right away since they still need to re-identify the items that are pledged as loan security.
7. Loan Approval System – Branch Credit Committee Meetings are not done anymore. Approval of loans within the BMs' limits is being done by the BMs alone. It must be noted that a group review of the loans being presented for approval has been very beneficial to the bank. The AO originating the loan are bound to package the loan very carefully, knowing that a committee will review the quality of his/her work. Most importantly, deficiencies in loan documentation could be checked by the BM's right away.

4.3 Product Profitability Analysis

4.3.1 Yield

The yields of Arawan and NMTK loan products, as shown in the table below, are estimated using the average daily balance of a P10,000 loan paid either daily or weekly at 3% interest per month.

Table 11
Comparative Annual Yields of Arawan & NMTK from a
P10,000 Loan, By Term & Mode of Payment

No. of Installment Payments	Total Daily Outstanding Balance ¹	Term (No. of Calendar Days) ²	Average Daily Balance ³	Interest Income Per Day ⁴	Yield Per Day ⁵	Yield Per Annum ⁶
ARAWAN						
20 daily inst.	125,000	26	4,807.69	10.00	0.2080%	74.88%
40 daily inst.	265,000	54	4,907.41	10.00	0.2038%	73.36%
NMTK						
4 weekly inst.	165,000	28	5,892.86	10.00	0.1697%	61.09%
8 weekly inst.	305,000	56	5,446.43	10.00	0.1836%	66.10%
12 weekly inst.	445,000	84	5,297.62	10.00	0.1888%	67.96%
16 weekly inst.	585,000	112	5,223.21	10.00	0.1915%	68.92%
20 weekly inst.	725,000	140	5,178.57	10.00	0.1931%	69.52%
24 weekly inst.	865,000	168	5,148.81	10.00	0.1942%	69.92%

As shown in the table, daily installment-ARAWAN loans have higher yields than the weekly installment-NMTK loans. Note, however, that the annual yield of ARAWAN loans decreases as the term gets longer, while the reverse is true for NMTK loans – that is, the yield increases as the term gets longer. The reason is in the size of the loans' average daily balance⁷.

Comparing the yields and average daily balances of the 20-day ARAWAN with the standard 90-day (or 12-week) NMTK loans, an NMTK AO will need to have a loan portfolio that is 10% bigger than the portfolio of an ARAWAN AO in order to generate the same income that the latter will be able to generate. (Of course, the big difference will be the service charges that the ARAWAN AO will be able to collect every loan availment. Only the interest income was considered in the estimation procedure.)

¹ Sum of all daily loan balances

² Total number of days beginning from the day of loan disbursement up to full payment, including weekends

³ (Total outstanding loan balances)/(# of calendar days)

⁴ P10,000 * .03 * (# calendar days/30)/# calendar days

⁵ Interest income per day/Average daily balance

⁶ Yield per day * 360 days

⁷ A major limitation of the estimation procedure is that the time value of money was not factored in – that is, money that is received sooner is more valuable than money received later.

4.3.2 Break-even Portfolio per AO

The break-even loan portfolio of an NMTK AO is estimated, using the following assumptions:

Parameters	Assumptions	Estimated Monthly Values
Assumptions:		
Total Loan Disbursements	P380,000 per month	
Average loan term	3 months, paid in equal weekly installments	
Average monthly loan portfolio	53% of average monthly loan disbursements ⁸	P 201,400
Interest Income, per month	3.0% of total monthly loan disbursements	P 11,400
Less: Cost of funds	8.5% p.a., or 0.71% of average monthly portfolio	1,427
Less: Loan-loss provision	2% of portfolio, or 0.17% of average monthly portfolio	336
Less: AO salary & benefits	P4,500	4,500
Less: Other operating expenses	100% of AO salary & benefits	4,500
Gross Receipts Tax	5% of Interest income	570
	Net Monthly Income	P 68

At 3.0% interest per month, the break-even total loan disbursement will be P380,000 per month. Given that the estimated ratio of the loan portfolio to loan disbursements for three-month loans is 53%, the equivalent break-even loan portfolio per AO, therefore, will be P201,400.

If the cost of funds is increased to 13% p.a., the break-even monthly loan disbursement and loan portfolio will increase by 9.2% to P415,000 and P219,950 per AO, respectively.

If the cost of funds is increased to 13% p.a. and the loan-loss provision is also increased to 5%, the break-even monthly loan disbursements and loan portfolio will increase by 15.8% to P440,000 and P233,200 per AO, respectively.

Given the respective sizes of the NMTK portfolios of the five branches (as shown in Table 3), four of the five branches, except for the San Francisco branch, are operating above break-even even if the cost of funds is increased to 13% p.a. and the loan-loss provision is increased to 5%.

4.4 Internal Controls

The bank is currently implementing microfinance far beyond its service areas. Field offices are operating in these far away places and this is the reason why we felt the need to review the entire operating process of its field offices in Butuan City and Mangagoy, Bislig. In the course of our review, the following Internal Control deficiencies were noted:

1. **Daily control of Provisional Receipts** – AO's request for new Provisional Receipt (PR) booklets from the custodians. They return the used stubs only upon request of a new stub. On a day-to-day basis, no monitoring is done as to the actual PR's issued for the day.
2. **Signing of loan documents** – It was noted that there were some credit files with inconsistent signature specimens either of their spouse or their Co-Maker. Investigations revealed that loan documents are sometimes brought outside of the bank for signature of either spouse or Co-Maker.

⁸ Ratio of the average daily loan balance of a three-month loan paid in weekly installments as shown in Table 11 (P5,297.62) to the amount of loan disbursed (P10,000).

3. **Daily Monitoring of cash handling at field offices** – In Mangagoy, we noted that nobody was checking the daily collection of the AO's at the field office. Moreover, the AO's just release approved loans out of the money that they collected and they deposit the net cash left on hand at designated depository banks. We also noted that transmittal of summary of collection to Hinatuan branch was very much delayed, allowing the AO's to potentially juggle their daily collections. The field office prepares a daily blotter but there are no details of the collections and disbursements, just the total cash generated at the field office, less the total cash disbursed. In Butuan, there is a good system in place. They have a field office cashier in charge of daily monitoring of collections and disbursements. All collections are deposited to their depository banks and loan releases are prepared at the field office independently.
4. **Posting of loan payments** – We noticed that posting of daily loan payments are very much delayed, particularly for transactions coming from the field offices. In Hinatuan branch for example, delay in posting of Arawan collections was between 4 to 11 days (about 7 days on the average). Posting of daily Arawan collection to the clients' individual ledgers were also delayed even in San Francisco branch. This was very surprising because the Arawan AO's are supposed to post the payments upon collection everyday.
5. **Supervision at the branch level** – We have noted during the review that the BM's do not review the loan folders thoroughly prior to approval. This is evidenced by the extent of the inconsistencies in the signatures of either the spouses or the Co-Makers that we have seen. In Tandag, one forgery case was discovered from among the few folders that were reviewed. Moreover, cash flow computations are not analyzed thereby showing very bloated amounts of adjusted repayment capacity. In Hinatuan branch, the Arawan AO had consented to the use of dummy borrower because the person using the money would not qualify to get a loan. In some cases, the borrowers allegedly shared the loan proceeds with another person so that when collection time came, the borrower could not pay the full amount of amortization due. All these happened with the AO's consent. Surprisingly, the BM just learned about it in the course of our review when in fact, these accounts have been delinquent for a long time already, some even past maturity date.

5.0 CONCLUSIONS

- 5.1 The product is competitive, but client outreach is below expectations mainly because:
 1. The target market is limited by the P15,000 minimum inventory rule and the further constriction of the market as a result of the aggressive promotion of KMTK in the bank's service areas
 2. The NMTK AOs cannot focus on NMTK as they are burdened with other loans. And, given a choice, AOs will prefer promoting other loans since NMTK only makes up a small, but difficult and time-consuming part of their portfolios.
 3. Client dropout is high, but this is not because clients are not satisfied with either the features of the product or the services of the bank. Most of those who dropped out either did so only temporarily and will likely avail of another loan as conditions of their businesses improve, or were dropped by the bank for having poor repayment records.
 4. Clients like the services they get from the bank but want more flexibility in the way the NMTK loans are packaged.

- 5.2 Loan delinquency is high mainly because the culture of zero tolerance is not strictly observed as they are under KMTK. This culture is not strictly observed since:
1. There is little supervision over the AOs in the branches. This is indicated by the non-observance of the delinquency alarm signals, procedural short-cuts in client orientation, CI/BI (especially for repeat loans) and loan approval, poor cash flow and risk analysis, and lapses in loan documentation.
 2. The branch managers, themselves, have difficulty devoting ample time to supervising the AOs and closely monitoring their NMTK portfolio because they have bigger and more urgent problems to attend to (such as their KMTK operations).
 3. The AOs have mixed portfolios. Even if they have a bad, but small, NMTK portfolio, if the other bigger products in their portfolio are doing good, they know that, overall, they are OK.
- 5.3 Even assuming that the AOs are devoting 100% of their time to NMTK, four of the five branches are operating well above the estimated break-even portfolio. However, given the high level of loan delinquency and if a more strict loan-loss provisioning policy is imposed, the NMTK portfolios of all five branches may just slightly be above break-even.
- 5.4 The rapid expansion of the bank's microfinance programs has led to lapses in its internal control procedures, which if left unchecked will open opportunities for people in the bank to commit fraud.

6.0 RECOMMENDATIONS

- 6.1 Strengthen the human resource component of NMTK, by:
1. Assigning a full-time NMTK Product Manager who will plan, monitor coordinate and evaluate the implementation of the program in the branches, as well as provide technical advice, whenever necessary
 2. Hiring additional AOs who should have both analytical and people skills, as well as intimate knowledge of the place they will be assigned to. Provide a competitive compensation package, if necessary, to attract skilled and experienced AOs. The AOs are the most critical resource of the program.
 3. Developing and implementing a rigorous and continuing training program for the new AOs.
 4. Assigning at least two full-time AOs in a branch. An AO working solo will have difficulty maintaining his interest and enthusiasm over time without somebody to back him up, especially when following up difficult collection cases.
 5. Hiring a full-time NMTK supervisor in branches with at least 4 full-time AOs.
- 6.2 Target and invest heavily in urban areas with large microenterprise sectors such as Butuan City, Tagum City, Gingoog City, Bislig City and Tandag.

- 6.3 Further improve the competitiveness of the product to be able to meet the competition in these places by:
1. Creating greater flexibility in loan packaging such as in providing bigger initial loan amount, allowing semi-monthly and monthly payments, and providing longer loan terms. Individual lending is the art of customizing the product to suit the needs and preference of each client, and is not the other way around. However, the bank will need skilled and experienced AOs to be able to do this well.
 2. Reducing the financial charges and/or loan deductions to make the product more attractive than those of the market leaders.
 3. In areas far from the bank's nearest branch, allow clients to open savings deposit accounts in the nearest branch of other banks to facilitate balance inquiry and withdrawals of their contractual savings. (But keep the passbooks.)
 4. Continuing to look for ways to shorten the processing time for new loan applications without sacrificing the quality of approved loans.
- 6.4 Intensify efforts to lower the level of loan delinquency, by:
1. Adjusting the income reported by the branches by including as part of the branch operating expenses an item for loan-loss provision which should be based on the aging of PAR.
 2. Using the adjusted branch income statement in determining the extent of participation of a particular branch in the bank's profit-sharing scheme.
 3. Requiring all applications for restructuring, regardless of the amount, to have the prior approval of the GM.
 4. Requiring all restructured loans to be separately classified as such in the branch monthly reports and to be covered with a 100% loan-loss provision.
- 6.5 Strengthen internal control procedures by:
1. Designing and installing an internal control system particularly in cash management and loan supervision.
 2. Regularly updating the NMTK product manual by incorporating any and all changes in lending policies and procedures
 3. Scheduling more frequent visits by the internal audit team
 4. Suspending the expansion plans of branches found to have weak internal control procedures until these are corrected to the satisfaction of the internal audit team
 5. Orient the management and staff on basic internal control procedures at their respective levels

ENTERPRISE BANK, INC.
Microfinance Unit (NMTK – Individual Loan Product)
Documentations Review

		January 22 – 25, 2002			January 31 – February 01, 2002	
NMTK Borrowers:						
Loan Documents	San Francisco	Tandag	Bislig / Hinatuan	Barobo	Bayugan	Butuan Field Office
K Loan Recomm. Sheet	<ul style="list-style-type: none"> Approved; loan term not stated as part of the approval 	<ul style="list-style-type: none"> Approved; loan term not stated; no approval from Asst. GM 	<ul style="list-style-type: none"> Approved; loan term not stated as part of the approval 	<ul style="list-style-type: none"> Approved; loan amount & term not stated as part of the approval 	<ul style="list-style-type: none"> Approved; loan term not stated as part of the approval. Lacking sig. of Asst. GM on loan >P10K 	<ul style="list-style-type: none"> Approved; loan term not stated No signature of BM or Asst. GM on repeat loans
K Promissory Note	<ul style="list-style-type: none"> Complete Few alterations on date not fully countersigned by client 	<ul style="list-style-type: none"> Complete 	<ul style="list-style-type: none"> Alteration on dates No signature of witnesses Signature of co-maker different from the attached co-maker's stmt 	<ul style="list-style-type: none"> Alterations on dates not countersigned Lacking signature of witnesses Inconsistent co-makers names & signatures Signature of spouse 	<ul style="list-style-type: none"> Signature of borrower and spouse different from the application form Signature of co-maker different from disclosure stmt. Alterations not countersigned by the borrower 	<ul style="list-style-type: none"> No signature of two witnesses Alterations / erasures not countersigned by the borrower

				signed by borrower (by)		
K Disclosure Statement	<ul style="list-style-type: none"> Complete Few alterations on loan amount & net proceeds not fully countersigned by the client 	<ul style="list-style-type: none"> Complete 	<ul style="list-style-type: none"> Lacking signature of bookkeeper (M. Violy) 	<ul style="list-style-type: none"> Erasures / Alterations not countersigned by client Blank date 	<ul style="list-style-type: none"> No signature of bookkeeper Duplicate copy kept in the credit file 	<ul style="list-style-type: none"> No signature of bookkeeper
K Co-maker's Statement	<ul style="list-style-type: none"> Blank date, name, amount, employment/business data; lacking statement of co-maker 	<ul style="list-style-type: none"> Blank date 	<ul style="list-style-type: none"> Blank date 	<ul style="list-style-type: none"> Blank date Incomplete business /employment data Lacking / no co-maker's statement Not signed by President / Manager Inconsistent signature of co-maker w/ other credit files 	<ul style="list-style-type: none"> Signature of co-maker different from co-maker's stmt Blank date, name of borrower & amount in figures Attached to old credit folders 	<ul style="list-style-type: none"> Blank date & name of borrower, age, nationality Blank date, no approval of President / BM
K Loan Security Documents (Contract of Pledge and	<ul style="list-style-type: none"> None for repeat loans; blank description of property 	<ul style="list-style-type: none"> Pre-signed security documents e.g. deed of assignment of payment 	<ul style="list-style-type: none"> Pre-signed debit authority; contract of pledge & deed of 	<ul style="list-style-type: none"> Pre-signed contract of pledge & deed of assignment 	<ul style="list-style-type: none"> Pre-signed debit authority & deed of assignment in payment of debt Previous documents 	<ul style="list-style-type: none"> Pre-signed debit authority & deed of assignment in payment of

Deed of Assignment in Payment of Debt)			assignment		attached to old credit files	debt
K Loan Application	<ul style="list-style-type: none"> Blank data on spaces provided; None (recent loan availment) 	<ul style="list-style-type: none"> Complete 	<ul style="list-style-type: none"> Complete 	<ul style="list-style-type: none"> Blank references & date of application 	<ul style="list-style-type: none"> Complete 	<ul style="list-style-type: none"> Blank date & outstanding loans & names of co-maker's
K CI/BI	<ul style="list-style-type: none"> 1st time clients–complete Succeeding cycles–none 	<ul style="list-style-type: none"> None, only for 1st time loan availments 	<ul style="list-style-type: none"> None, only for 1st time loan availments 	<ul style="list-style-type: none"> Conducted & documented in previous loan availments Blank personal references 	<ul style="list-style-type: none"> Previous CI/BI reports attached to old credit files Blank data on sales, business trends & working capital 	<ul style="list-style-type: none"> Complete (for previous loan availments)
K Cash Flow	<ul style="list-style-type: none"> Erroneous estimated amt of debt service, ARC & max. loan entitlement, done only once; none for succeeding loan availments 	<ul style="list-style-type: none"> Bloated income without proper support of computations Erroneous max. loan entitlement, erroneous computation 	<ul style="list-style-type: none"> Bloated income with minimal expenses Erroneous computation of max loan entitlement estimated 	<ul style="list-style-type: none"> Erroneous computation of max. loan amount (previous loans) 	<ul style="list-style-type: none"> Monthly computations approved for 3 mos w/ semi-monthly pymts. Previous cash flow attached to old credit files Erroneous computation of max. loan entitlement 	<ul style="list-style-type: none"> Positive weekly / monthly figures converted & deducted to daily column Bloated income & less expenditures Erroneous computation

		on max. loan				of max. loan
K Worksheet	<ul style="list-style-type: none"> Not applicable 	<ul style="list-style-type: none"> Not applicable 	<ul style="list-style-type: none"> Not applicable 	<ul style="list-style-type: none"> Not applicable 	<ul style="list-style-type: none"> Not applicable 	<ul style="list-style-type: none"> Not applicable
K Co-maker's Profile	<ul style="list-style-type: none"> Complete 	<ul style="list-style-type: none"> Blank date 	<ul style="list-style-type: none"> Complete 	<ul style="list-style-type: none"> Incomplete business / employment data <p>Over-all observations: Inconsistent computations on service charges, filing fees, notarial fees, compulsory savings & interest charges</p>	<ul style="list-style-type: none"> Incomplete data (retired employee w/ no current business) Previous files attached to old credit files No business / employment data <p>Over-all observations: Notarial fees are inconsistently deducted/computed in the disclosure statement; Old credit files not attached to the current credit files.</p>	<ul style="list-style-type: none"> Blank employment or business profile No profile for co-maker's

MICRO EXPRESS LOAN (ARAWAN):

Loan Documents	San Francisco	Tandag	Bislig/Hinatuan	Barobo		
K Application	<ul style="list-style-type: none"> Complete 	<ul style="list-style-type: none"> Not applicable 	<ul style="list-style-type: none"> Interchanged signature of borrower & spouse Signature of spouse signed by borrower, wife (for account) 	<ul style="list-style-type: none"> Not applicable 		
K Promissory Note	<ul style="list-style-type: none"> Complete 	<ul style="list-style-type: none"> Not applicable 	<ul style="list-style-type: none"> No signature of spouse 	<ul style="list-style-type: none"> Not applicable 		
K Disclosure Statement	<ul style="list-style-type: none"> Complete 	<ul style="list-style-type: none"> Not applicable 	<ul style="list-style-type: none"> Lacking signature of Prepared by, checked by & approved by 	<ul style="list-style-type: none"> Not applicable 		

POST-OPERATIONS REVIEW ACTIVITY
ENTERPRISE BANK
MARCH 9, 2002
DIWATA TRAINING CENTER

Session Time	Activity	Topic	Resource Person/s	Methodology	
9:00 AM TO 12:00 NN	1) Session with NMTK Account Officers and Supervisors	MICROFINANCE LENDING POLICIES & PROCEDURES; INTERNAL CONTROL ISSUES & MEASURES	Cecil & Dehlia	Lecture Discussion	
	2) Meeting with BM's, executives and Internal Audit	THE RESULTS OF THE OPERATIONS REVIEW	Raika		
12:00 - 1:00	NOON BREAK	NOON BREAK		NOON BREAK	
1:00 PM – 7:00 PM	Session with Branch and field office Officers, Executives & Internal Auditors	FRAUD & INTERNAL CONTROLS	Cecil & Raika	Lecture & Workshop	

ENTERPRISE BANK Operations Review Travel Itinerary

Monday, Jan 21

1:00 pm Travel to CDO, from Manila
2:30 pm Arrival at CDO
3:30 pm Travel to Butuan
7:00 pm Arrival at Butuan

Tuesday, Jan 22

7:00 am Travel to SAN FRANCISCO
9:00 am Arrival at San Francisco

- Meeting with Chito Alvizo, other senior bank officers (Ronald & Bobot) and Branch Managers of San Francisco, Tandag, Barobo, Butuan and Bislig branches to finalize activities & schedules, and discuss overall product performance, especially on what management believes are the reasons behind the current performance (Cecil & Raike)
- Get latest product performance data (consolidated and by branch) from the MIS Manager (Berns)
- Credit folder review (Berns)
- Policies and procedures review (back-office): Practice vs. manual (Cecil)
- FGD with/Interview of AOs (Raike)
- FGD with clients (Raike) – at least 7 active clients
- Client exit survey (Raike) – 15 inactive clients

Wednesday, Jan 23

6:00 am Travel to TANDAG
9:30 am Arrival at Tandag

- Get latest branch financial statements, esp. income & expense by product (Berns)
- Credit folder review (Berns)
- Policies and procedures review (back-office): Practice vs. manual (Cecil)
- Review of CIBI & cash flow (Raike)
- FGD with/Interview of AOs (Raike)
- FGD with selected clients (Raike) – at least 7 active clients
- Client exit survey (Raike) – 15 inactive clients

Thursday, Jan 24

7:00 am Travel to BAROBO
9:00 am

- Credit folder review (Berns)
- Get latest branch financial statements, esp. income & expense by product (Berns)
- Policies and procedures review: Practice vs. manual (Cecil)
- FGD with/Interview of AOs (Raike)
- FGD: with selected clients (Raike) – at least 7 active clients
- Client exit survey (Raike) – 15 inactive clients

Friday, Jan 25

7:00 am Travel to BISLIG
9:00 am

- Credit folder review (Berns)
- Get latest branch financial statements, esp. income & expense by product (Berns)
- Policies and procedures review: Practice vs. manual (Cecil)
- FDG with/Interview of AOs (Raike)
- FGD: with selected clients (Raike) – at least 7 active clients
- Client exit survey (Raike) – 15 inactive clients

5:00 pm Wrap-up discussion (Chito, Ronald & Bobot)

Saturday, Jan 26

Travel to CDO/Manila

SECOND PHASE (February 7-8): Bayugan and Butuan branches

Microfinance Operations Review
Enterprise Bank
Barobo Branch
Jan. 25, 2002

Name of Borrower	Documents Checked	Remarks
1 BELARMA, NESTOR Loan Acct # AO: FERNANDO ELLAR Loan Details: Loan Cycle: 3rd Cycle Amount Disbursed: P15,000.00 Loan Term: 4 mos. Date Disbursed: Oct. 25, 2001 Type of Business: 1) Sari-Sari Store 2) Motor Hire <i>CI Report: Ice Drop Maker</i>	<i>Remarks</i>	<i>Different comakers name (Victoriano or Victorino Fernandez) under the Co-makers Stmt & PN</i>
	a Loan Recommendation Sheet	Approved; Loan term and amount not stated
	b Promissory Note	Alterations on dates not countersigned
	c Disclosure Statement	Complete
	d Deed of Assignment of Dep.	N.A.
	e Security Agreement	Pre-signed deed of assignment & contract of pledge complete
	f Co-Maker's Statement	Incomplete business data; blank date
	h Application/Repeat Loan Form	Complete
	l Credit Investigation	Complete (previous loans)
	j Background Investigation	Complete (previous loans)
	k Cash Flow Analysis	Computed for 5 mos, loan granted for only 3 mos.; erroneous max. loan amt
	l Worksheet for Cash Flow	N.A.
	m Co-makers profile	Incomplete business data (Victorino Fernandez)
2 BALASON, MARIETTA Loan Acct. # AO: FERNANDO ELNAR Loan Details: Loan Cycle: 8th Cycle Amount Disbursed: P15,000.00 Loan Term: 3 mos. Date Disbursed: Nov. 6, 2001 Type of Business: 1) Jeep for Hire	a Loan Recommendation Sheet	Approved; loan term & amount not stated
	b Promissory Note	Complete
	c Disclosure Statement	Complete
	d Deed of Assignment of Dep.	N.A.
	e Security Agreement	Contract of pledge complete
	f Co-Maker's Statement	Incomplete business data
	h Application/Repeat Loan Form	Complete
	l Credit Investigation	Complete (previous loans)
	j Background Investigation	Complete (previous loans)
	k Cash Flow Analysis	Erroneous computation of max. loan amount (previous loans)
	l Worksheet for Cash Flow	N.A.
	m Co-makers profile	Incomplete business data; lacking profile of one co-maker (Fe Manatad)

3 ANDO, PACITA Loan Acct. # AO: Loan Details: Loan Cycle: 3rd Cycle Amount Disbursed: P6,000.00 Loan Term: 90 days Date Disbursed: Sept. 06, 2001 Type of Business 1) Sari-Sari Store	a	Loan Recommendation Sheet	Approved; loan term & amount not stated
	b	Promissory Note	Blank spaces on witnesses not filled-up & signed
	c	Disclosure Statement	Erasures not countersigned by client; blank date
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	Contract of pledge complete
	f	Co-Maker's Statement	Blank date
	h	Application/Repeat Loan Form	Blank references & date of application
	l	Credit Investigation	Complete (previous loans)
	j	Background Investigation	Complete (previous loans)
	k	Cash Flow Analysis	Erroneous computation of max. loan (previous loans)
	l	Worksheet for Cash Flow	N.A.
4 APOSTOL, MERCEDES Loan Acct. # AO: FERNANDO ELLAR Loan Details: Loan Cycle: 1st Cycle Amount Disbursed: P5,000.00 Loan Term: 3 mos. Date Disbursed: Oct. 21, 2001 Type of Business 1) Sari-Sari Store	m	Co-makers profile	Incomplete employment data (J. Montes & D. Llando)
	a	Loan Recommendation Sheet	Approved; loan term & amount not stated
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	Deed of Assignment (DOA) pre-signed by borrower
	f	Co-Maker's Statement	Complete
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	None
	j	Background Investigation	None
	k	Cash Flow Analysis	None
5 ALPURTO, VERGIE Loan Acct. # AO: FERNANDO ELLAR Loan Details: Loan Cycle: 6th Cycle Amount Disbursed: P10,000.00 Loan Term: 3 mos Date Disbursed: Oct. 10, 2001 Type of Business 1) Sari-Sari Store 2) Motor Hire	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Complete
	a	Loan Recommendation Sheet	Approved; loan term & amount not stated
	b	Promissory Note	Complete
	c	Disclosure Statement	Alteration on date not countersigned
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	Contract of Pledge (COP) complete; DOA pre-signed
	f	Co-Maker's Statement	Blank date; not signed by President / Manager
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	None
	j	Background Investigation	None
	k	Cash Flow Analysis	None
	l	Worksheet for Cash Flow	None
	m	Co-makers profile	Complete

6 ALIYAKYAK, TERESITA Loan Acct. # AO: FERNANDO ELLAR Loan Details: Loan Cycle: 9th Cycle Amount Disbursed: P20,000.00 Loan Term: 5 mos. Date Disbursed: Nov. 19, 2001 Type of Business 1) Dry Goods 2) RTW retailer/"okay-okay"	a	Loan Recommendation Sheet	Approved; loan term & amount not stated
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	COP complete; DOA pre-signed (previous loans)
	f	Co-Maker's Statement	Blank date
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Complete (previous loans)
	j	Background Investigation	Complete (previous loans)
	k	Cash Flow Analysis	Not properly computed
	l	Worksheet for Cash Flow	None
7 ALIPAO, VERGINIA Loan Acct. # AO: FERNANDO ELLAR Loan Details: Loan Cycle: 9th Cycle Amount Disbursed: P20,000.00 Loan Term: 4 mos. Date Disbursed: Sept. 12, 2001 Type of Business 1) Sari-Sari Store <i>CI Report: Passenger Jeep</i>	m	Co-makers profile	Complete
	a	Loan Recommendation Sheet	Approved; loan term & amount not stated
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	COP complete
	f	Co-Maker's Statement	Blank date, 5 loan cycles consistent signature of co-maker (Eugene Alipao)
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Complete (previous loans)
	j	Background Investigation	Complete (previous loans)
	k	Cash Flow Analysis	Erroneous computation of max. loan (previous loans)
8 SAMUEL, ALIMIA Loan Acct. # AO: FERNANDO ELLAR Loan Details: Loan Cycle: 2nd Cycle Amount Disbursed: P10,000.00 Loan Term: 3 mos Date Disbursed: Dec. 2, 2001 Type of Business 1) Motor Hire <i>Co-maker Stmt: Fely Calo</i> <i>PN: Marietta Balason signed by Fely Calo</i>	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Complete
	a	Loan Recommendation Sheet	Approved; loan term & amount not stated
	b	Promissory Note	Lacking signature of one witness (Fernando Ellar)
	c	Discount Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	COP complete; DOA - pre-signed (previous loans)
	f	Co-Maker's Statement	Blank dates
	h	Application/Repeat Loan Form	Blank references & date
	l	Credit Investigation	Complete (previous loans)
	j	Background Investigation	Complete (previous loans)
	k	Cash Flow Analysis	Erroneous computation of max. loan (previous loans)
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Blank employment / business data

9 ABONG, LOURDES Loan Acct. # AO: FERNANDO ELLAR Loan Details: Loan Cycle: 3rd Cycle Amount Disbursed: P3,000.00 Loan Term: 3 mos. Date Disbursed: Nov. 26, 2001 Type of Business 1) Seaweeds Buyer (Goso)	a	Loan Recommendation Sheet	Approved; loan term & amount not stated
	b	Promissory Note	With erasures; Signature of borrower different from the other loan docs.
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	COP Complete; DOA - pre-signed by clients (previous loans)
	f	Co-Maker's Statement	Blank Date & name on co-maker's stmt; no signature of manager
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Complete (previous loans)
	j	Background Investigation	Complete (previous loans)
	k	Cash Flow Analysis	Erroneous computation of max. loan (previous loans)
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Complete
10 ABONG, FEDELA Loan Acct. # AO: FERNANDO ELLAR Loan Details: Loan Cycle: 8th Cycle Amount Disbursed: P3,000.00 Loan Term: 3 mos. Date Disbursed: Nov. 15, 2001 Type of Business 1) Carinderia 2) Sari-Sari Store	a	Loan Recommendation Sheet	Approved; loan term & amount not stated
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Dacion en Pago	COP complete
	f	Co-Maker's Statement	Blank date; no co-maker's statement (Lilibeth Mahusay)
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Complete (previous loans)
	j	Background Investigation	Complete (previous loans)
	k	Cash Flow Analysis	No computation of ARC & max. loan (previous loans)
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	No co-maker's profile (Lilibeth Mahusay)
11 CERIACA, LILIA Loan Acct. # AO: FERNANDO ELLAR Loan Details: Loan Cycle: 7th Cycle Amount Disbursed: P18,000.00 Loan Term: 4 mos. Date Disbursed: Sept. 20, 2001 Type of Business 1) Sari-Sari Store	a	Loan Recommendation Sheet	Approved; loan term & amount not stated
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	COP & DOA pre-signed by client
	f	Co-Maker's Statement	Complete
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Complete (previous loans)
	j	Background Investigation	Complete (previous loans)
	k	Cash Flow Analysis	Erroneous computation of cash flow (previous loans)
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Blank employment/business data (Veronica Gerona)

12 CANTERA, VILMA Loan Acct. # AO: FERNANDO ELLAR Loan Details: Loan Cycle: 9th Cycle Amount Disbursed: P10,000.00 Loan Term: 3 mos. Date Disbursed: Dec. 18, 2001 Type of Business 1) Dried Fish Dealer	a	Loan Recommendation Sheet	Approved; loan term & amount not stated
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	COP complete
	f	Co-Maker's Statement	Blank date (Lucia Gesta)
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Complete (previous loans)
	j	Background Investigation	Complete (previous loans)
	k	Cash Flow Analysis	None
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Complete
13 CALIPES, LUCIA Loan Acct. # AO: FERNANDO ELLAR Loan Details: Loan Cycle: 4th Cycle Amount Disbursed: P7,000.00 Loan Term: 3 mos. Date Disbursed: Oct. 23, 2001 Type of Business 1) Sari-sari Store	a	Loan Recommendation Sheet	Approved; loan term & amount not stated
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	COP complete
	f	Co-Maker's Statement	Blank date, business/employment data
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Complete (previous loans)
	j	Background Investigation	Complete (previous loans)
	k	Cash Flow Analysis	None
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	No co-maker's profile (Lucia Gesta)
14 BONGCALES, SERGIO Loan Acct. # AO: FERNANDO ELLAR Loan Details: Loan Cycle: 7th Cycle Amount Disbursed: P2,300.00 Loan Term: 3 mos. Date Disbursed: Dec. 27, 2001 Type of Business 1) Sari-sari Store	a	Loan Recommendation Sheet	Approved; loan term & amount not stated
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	COP pre-signed
	f	Co-Maker's Statement	Signature of Julius Lingatong different from the more recent credit files
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Complete
	j	Background Investigation	Complete
	k	Cash Flow Analysis	None
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Incomplete data for Villacorta

15 BURLAZA, CAREDAD Loan Acct. # AO: FERNANDO ELLAR Loan Details: Loan Cycle: 6th Cycle Amount Disbursed: P8,000.00 Loan Term: 4 mos. Date Disbursed: Dec. 19, 2001 Type of Business 1) Fish Dealer	a	Loan Recommendation Sheet	Approved; loan term & amount not stated
	b	Promissory Note	Alterations not countersigned by client
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	COP complete; DOA pre-signed by client (previous loans)
	f	Co-Maker's Statement	None
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Complete (previous loans)
	j	Background Investigation	Complete (previous loans)
	k	Cash Flow Analysis	Erroneous computation of max. loan (previous loans)
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	None
16 BRIONES, JOCELYN Loan Acct. # AO: FERNANDO ELLAR Loan Details: Loan Cycle: 14th Cycle Amount Disbursed: P3,000.00 Loan Term: 2 mos. Date Disbursed: Nov. 18, 2001 Type of Business 1) Sari-Sari Store	a	Loan Recommendation Sheet	Approved; loan term & amount not stated
	b	Promissory Note	Borrower signed the spouse portion marked as "by"
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	COP complete; DOA pre-signed by client (previous loans)
	f	Co-Maker's Statement	Blank date
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Complete (previous loans)
	j	Background Investigation	Complete (previous loans)
	k	Cash Flow Analysis	None
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Complete
17 CABALLERO, PETRONILA Loan Acct. # AO: FERNANDO ELLAR Loan Details: Loan Cycle: 9th Cycle Amount Disbursed: P7,000.00 Loan Term: 3 mos. Date Disbursed: Nov. 19, 2001 Type of Business 1) Sari-Sari Store	a	Loan Recommendation Sheet	Approved; loan term & amount not stated
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	COP no signature of client
	f	Co-Maker's Statement	Blank date; signature of Leonila Jamito different from co-makers stmt.
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Complete (previous loans)
	j	Background Investigation	Complete (previous loans)
	k	Cash Flow Analysis	Incomplete computation of ARC & max. loan (previous loans)
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Complete

18 CABARLIZA, AIDA Loan Acct. # AO: FERNANDO ELLAR Loan Details: Loan Cycle: 6th Cycle Amount Disbursed: P5,000.00 Loan Term: 3 mos. Date Disbursed: Dec. 21, 2001 Type of Business 1) Sari-Sari Store	a	Loan Recommendation Sheet	No approval of BM
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	COP complete
	f	Co-Maker's Statement	Blank date
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Complete (previous loans)
	j	Background Investigation	Complete (previous loans)
	k	Cash Flow Analysis	Erroneous comp. Of converting positive figures to daily amounts
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Incomplete data (Mercy Valles); no profile for Marietta Balason
<i>Remarks: No approval of Loan</i>			
19 CARO, EDITHA Loan Acct. # AO: FERNANDO ELLAR Loan Details: Loan Cycle: 7th Cycle Amount Disbursed: P6,000.00 Loan Term: 3 mos. Date Disbursed: Type of Business 1) Buy & Sell	a	Loan Recommendation Sheet	Approved; loan term & amount not stated
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	COP Complete
	f	Co-Maker's Statement	No signature of co-maker (Marianita Maliguin); Blank date
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Complete (previous loans)
	j	Background Investigation	Blank personal refereances (previous loans)
	k	Cash Flow Analysis	No proper computations
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Incomplete business data
20 CALO, FELY Loan Acct. # AO: FERNANDO ELLAR Loan Details: Loan Cycle: 14th Cycle Amount Disbursed: P15,000.00 Loan Term: 1 mos Date Disbursed: Dec. 13, 2001 Type of Business 1) Sari-Sari Store	a	Loan Recommendation Sheet	Approved; loan term & amount not stated
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	COP complete; DOA pre-signed by client (previous loans)
	f	Co-Maker's Statement	No co-maker's statement (Gloria Paitone)
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Complete (previous loans)
	j	Background Investigation	Complete (previous loans)
	k	Cash Flow Analysis	Erroneous computation of max. loan (previous loans)
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	No co-maker's profile (Gloria Paitone)
REMARKS: ALL DOCUMENTS HAVE INCONSISTENT COMPUTATIONS OF SERVICE CHARGEZ, FILING FEES, NOTARIAL FEES, COMPULSORY SAVINGS & INT. CHARGES			

Microfinance Operations Review

Enterprise Bank, Inc.

San Francisco Branch

Jan. 22, 2002

Note: 1-12 NMTK; 13-22 Micro Loan Express

Name of Borrower	Documents Checked	Remarks
1 LAGANSON, RACHEL Loan Acct # AO: Reylin Aquino Loan Details: Loan Cycle: 4th Cycle Amount Disbursed: P3,500.00 Loan Term: 2 months Type of Business: 1) Carinderia Delinquent Account	a Loan Recommendation Sheet	None
	b Promissory Note	Complete
	c Disclosure Statement	Complete
	d Deed of Assignment of Dep.	N.A.
	e Security Agreement	None
	f Co-Maker's Statement	Blank date; no personal, employment or business information
	h Application/Repeat Loan Form	None; 3rd & 4th cycle loans no approval of Annabelle Amora
	l Credit Investigation	None
	j Background Investigation	N.A.
	k Cash Flow Analysis	None; for the 3rd & 4th cycle loans
	l Worksheet for Cash Flow	N.A.
	m Co-makers profile	Complete
2 GARAY, GEMMA Loan Acct. # AO: Reylin Aquino Loan Details: Loan Cycle: 1st Cycle Amount Disbursed: P5,000.00 Loan Term: 3 mos. Type of Business: 1) Videoke & Balbacua Stand Delinquent Account	a Loan Recommendation Sheet	Approved; loan term not stated
	b Promissory Note	Complete
	c Disclosure Statement	Complete
	d Deed of Assignment of Dep.	N.A.
	e Security Agreement	Complete
	f Co-Maker's Statement	Blank name on the co-maker statement
	h Application/Repeat Loan Form	Complete
	l Credit Investigation	Complete
	j Background Investigation	Complete
	k Cash Flow Analysis	Erroneous computation of the max. loan entitlement
	l Worksheet for Cash Flow	Complete
	m Co-makers profile	Complete

3 RECUERDO, TEOCIL Loan Acct. # AO: Reylin Aquino Loan Details: Loan Cycle: 2nd Cycle Amount Disbursed: P2,000.00 Loan Term: 3 mos. Type of Business 1) Grocery Store Delinquent Account/Restructure	a Loan Recommendation Sheet	Blank approval from Credit Committee
	b Promissory Note	Complete
	c Disclosure Statement	Alterations on on Loan Amount & net proceeds no counter sig. of client
	d Deed of Assignment of Dep.	N.A.
	e Security Agreement	None
	f Co-Maker's Statement	Lacking co-makers statement of Jenny Mariano
	h Application/Repeat Loan Form	Incomplete data on the blank spaces provided
	l Credit Investigation	N.A.(Restructured Loan)
	j Background Investigation	N.A.(Restructured Loan)
	k Cash Flow Analysis	N.A.(Restructured Loan)
	l Worksheet for Cash Flow	N.A.(Restructured Loan)
	m Co-makers profile	Complete
4 ROMERO, MYRNA Loan Acct. # AO: Reylin Aquino Loan Details: Loan Cycle: 2nd Cycle Amount Disbursed: P8,000.00 Loan Term: 3 mos. Type of Business 1) *Note: 1st cycle loan docs.-unavailable *Note: Application for Salary Loan Delinquent Account	a Loan Recommendation Sheet	Approved by BM; Loan term not stated
	b Promissory Note	Complete
	c Disclosure Statement	Complete
	d Deed of Assignment of Dep.	N.A.
	e Security Agreement	None
	f Co-Maker's Statement	No signature of 1 co-maker (Ambia, Aida)
	h Application/Repeat Loan Form	Complete
	l Credit Investigation	None
	j Background Investigation	N.A.
	k Cash Flow Analysis	None
	l Worksheet for Cash Flow	N.A.
	m Co-makers profile	Complete
5 SEMILLANO, NILDA Loan Acct. # AO: Reylin Semillano Loan Details: Loan Cycle: 2nd Cycle Amount Disbursed: P6,000.00 Loan Term: 3 mos. Type of Business 1) Carinderia Delinquent Account	a Loan Recommendation Sheet	Approved; Loan term not stated
	b Promissory Note	Complete
	c Disclosure Statement	Complete
	d Deed of Assignment of Dep.	N.A.
	e Security Agreement	Blank date; amount; no signature of officer of the bank & witnesses
	f Co-Maker's Statement	Blank date
	h Application/Repeat Loan Form	Complete
	l Credit Investigation	None
	j Background Investigation	N.A.
	k Cash Flow Analysis	Erroneous computation of max. loan entitlement
	l Worksheet for Cash Flow	N.A.
	m Co-makers profile	Complete

6 ORCULLO, GENALYN Loan Acct. # AO: Reylin Aquino Loan Details: Loan Cycle: 2nd Cycle Amount Disbursed: P9,000.00 Loan Term: 3 mos Type of Business 1) Pharmacy Delinquent Account	a	Loan Recommendation Sheet	Approved; loan term not stated
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	None
	f	Co-Maker's Statement	Blank date; employment/business data
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	None
	j	Background Investigation	N.A.
	k	Cash Flow Analysis	None
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Complete
7 PEBRA, GLORIA Loan Acct. # AO: Reylin Aquino Loan Details: Loan Cycle: 2nd Cycle Amount Disbursed: P6,000.00 Loan Term: 3 mos Type of Business 1) Delinquent Account	a	Loan Recommendation Sheet	Approved; Loan term not stated
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	Blank description of property
	f	Co-Maker's Statement	Blank date
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Complete
	j	Background Investigation	N.A.
	k	Cash Flow Analysis	None
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Complete
8 REFAMONTE, MAMIE Loan Acct. # AO: Reylin Aquino Loan Details: Loan Cycle: 4th Cycle Amount Disbursed: P3,000.00 Loan Term: 2 mos. Type of Business 1) Beauty Parlor/Beautician 2) Welding Shop Delinquent Account	a	Loan Recommendation Sheet	Approved; Loan Amount & Term not stated
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	None
	f	Co-Maker's Statement	Complete
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	None
	j	Background Investigation	N.A.
	k	Cash Flow Analysis	None
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	No complete data

9 URBINA, ALMA Loan Acct. # AO: Reylin Aquino Loan Details: Loan Cycle: 8th Cycle Amount Disbursed: P10,000.00 Loan Term: 3 mos. Type of Business 1) Sari-Sari Store Delinquent Account	a Loan Recommendation Sheet	Approved; loan term not stated
	b Promissory Note	Complete
	c Disclosure Statement	Alterations not countersigned by client / bank officer
	d Deed of Assignment of Dep.	N.A.
	e Security Agreement	None
	f Co-Maker's Statement	No approval of BM
	h Application/Repeat Loan Form	Complete
	l Credit Investigation	None
	j Background Investigation	N.A.
	k Cash Flow Analysis	Erroneous computation of max. loan entitlement
	l Worksheet for Cash Flow	Complete (different format)
	m Co-makers profile	Complete
10 CABUYOC, ELVERA Loan Acct. # AO: Reylin Aquino Loan Details: Loan Cycle: 2nd Cycle Amount Disbursed: P8,000.00 Loan Term: 3 mos. Type of Business 1) Delinquent Account/Restructured Loan	a Loan Recommendation Sheet	Approved; loan term not stated
	b Promissory Note	Alteration on date not countersigned by client
	c Disclosure Statement	Altered date; No signature of borrower & bank officer
	d Deed of Assignment of Dep.	N.A.
	e Security Agreement	None
	f Co-Maker's Statement	Complete
	h Application/Repeat Loan Form	Complete
	l Credit Investigation	N.A. (Restructured Loan)
	j Background Investigation	N.A. (Restructured Loan)
	k Cash Flow Analysis	N.A. (Restructured Loan)
	l Worksheet for Cash Flow	N.A. (Restructured Loan)
	m Co-makers profile	Complete
11 BARLISO, ESTEBAN Loan Acct. # AO: Reylin Aquino Loan Details: Loan Cycle: 2nd Cycle Amount Disbursed: P3,000.00 Loan Term: 3 mos. Type of Business 1) Refreshments Delinquent Accounts/Restructured Loan	a Loan Recommendation Sheet	Approved; loan term not stated
	b Promissory Note	Alteration on date not countersigned by client
	c Disclosure Statement	Complete
	d Deed of Assignment of Dep.	N.A.
	e Security Agreement	Security agreement for previous loan (P5,000.00)
	f Co-Maker's Statement	None
	h Application/Repeat Loan Form	Complete
	l Credit Investigation	N.A. (Restructured Loan)
	j Background Investigation	N.A. (Restructured Loan)
	k Cash Flow Analysis	N.A. (Restructured Loan)
	l Worksheet for Cash Flow	N.A. (Restructured Loan)
	m Co-makers profile	None

12 BABA, JOREZ Loan Acct. # AO: Reylin Aquino Loan Details: Loan Cycle: 2nd Cycle Amount Disbursed: P5,000.00 Loan Term: 3 mos. Type of Business 1) Sari-Sari Store Delinquent Account	a	Loan Recommendation Sheet	Approved; loan term not stated
	b	Promissory Note	Complete
	c	Disclosure Statement	Blank date
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	Blank amount, no signature of GM
	f	Co-Maker's Statement	Blank date
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Complete
	j	Background Investigation	Complete
	k	Cash Flow Analysis	Erroneous Estimated amt of debt service; ARC & max. loan entitlement
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Complete
13 APAO, NANETTE Loan Acct. # AO: Reylin Aquino Loan Details: Loan Cycle: Amount Disbursed: P10,000.00 Loan Term: 40 days Type of Business 1) Meatshop ACTIVE ACCOUNT MICRO EXPRESS LOAN - ARAWAN	a	Application	Complete
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete
	d		
	e		
	f		
	h		
	l		
	j		
	k		
	l		
	m		
14 MARTINEZ, ROWENA Loan Acct. # AO: Reylin Aquino Loan Details: Loan Cycle: Amount Disbursed: P7,000.00 Loan Term: 40 days Type of Business 1) RTW ACTIVE ACCOUNT MICRO EXPRESS LOAN - ARAWAN	a	Application	Complete
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete
	d	Security Agreement	Complete
	e		
	f		
	h		
	l		
	j		
	k		
	l		
	m		

15 DAGUM, CLARITA Loan Acct. # AO: Reylin Aquino Loan Details: Loan Cycle: Amount Disbursed: P10,000.00 Loan Term: 40 days Type of Business 1) Fish Vendor ACTIVE ACCOUNT MICRO EXPRESS LOAN - ARAWAN	a Application	Complete
	b Promissory Note	Complete
	c Disclosure Statement	Complete
	d	
	e	
	f	
	h	
	i	
	j	
	k	
	l	
16 RANOCO, PRECILA Loan Acct. # AO: Reylin Aquino Loan Details: Loan Cycle: Amount Disbursed: P15,000.00 Loan Term: 40 days Type of Business 1) Tailoring ACTIVE ACCOUNT MICRO EXPRESS LOAN - ARAWAN	a Application	Complete
	b Promissory Note	Complete
	c Disclosure Statement	Complete
	d Security Agreement	No signature of borrower
	e	
	f	
	h	
	i	
	j	
	k	
	l	
17 BALANAY, ROGELIO Loan Acct. # AO: Reylin Aquino Loan Details: Loan Cycle: Amount Disbursed: P10,000.00 Loan Term: 40 days Type of Business 1) Bakeshop ACTIVE ACCOUNT MICRO EXPRESS LOAN - ARAWAN	a Application	Complete
	b Promissory Note	Complete
	c Disclosure Statement	Complete
	d	
	e	
	f	
	h	
	i	
	j	
	k	
	l	
	m	

18 BONITE, GLORIA Loan Acct. # AO: Reylin Aquino Loan Details: Loan Cycle: Amount Disbursed: P10,000.00 Loan Term: 40 days Type of Business 1) Junk Food (checherias) ACTIVE ACCOUNT MICRO EXPRESS LOAN - ARAWAN	a Application	Complete
	b Promissory Note	Complete
	c Disclosure Statement	Complete
	d	
	e	
	f	
	h	
	i	
	j	
	k	
	l	
19 ABELITA, PURITA Loan Acct. # AO: Reylin Aquino Loan Details: Loan Cycle: Amount Disbursed: P5,000.00 Loan Term: 40 days Type of Business Dried & Salted Fish ACTIVE ACCOUNT MICRO EXPRESS LOAN - ARAWAN	a Application	Complete
	b Promissory Note	Complete
	c Disclosure Statement	Complete
	d	
	e	
	f	
	h	
	i	
	j	
	k	
	l	
20 CABRERA, URSULITA Loan Acct. # AO: Reylin Aquino Loan Details: Loan Cycle: Amount Disbursed: P15,000.00 Loan Term: 40 days Type of Business 1) Sari-Sari Store ACTIVE ACCOUNT MICRO EXPRESS LOAN - ARAWAN	a Application	Complete
	b Promissory Note	Complete
	c Discount Statement	Complete
	d	
	e	
	f	
	h	
	i	
	j	
	k	
	l	
	m	

21 FADRIQUELA, EDNA Loan Acct. # AO: Reylin Aquino Loan Details: Loan Cycle: Amount Disbursed: P10,000.00 Loan Term: 40 days Type of Business 1) Dry goods ACTIVE ACCOUNT MICRO EXPRESS LOAN - ARAWAN		
	a Application	Complete
	b Promissory Note	Complete
	c Disclosure Statement	Complete
	d Security Agreement	No signature of client
	e	
	f	
	h	
	i	
	j	
	k	
	l	
22 GOTINGA, RACQUEL Loan Acct. # AO: Reylin Aquino Loan Details: Loan Cycle: Amount Disbursed: P15,000.00 Loan Term: 40 days Type of Business 1) ACTIVE ACCOUNT MICRO EXPRESS LOAN - ARAWAN	m	
	a Application	Complete
	b Promissory Note	Complete
	c Disclosure Statement	Complete
	d Security Agreement	Complete
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Microfinance Operations Review
Enterprise Bank
Butuan Field Office
Feb. 01, 2002

Name of Borrower	Documents Checked	Remarks
1 CASTILLON, LIBERTY Loan Acct # AO: LINABEN MILLAMA Loan Details: Loan Cycle: 1st Cycle Amount Disbursed: P10,000.00 Loan Term: 90 days (3 mos) Date Disbursed: Nov. 23, 2001 Type of Business: 1) Carinderia / Sari-sari Store	a Loan Recommendation Sheet	Approved; loan term not stated
	b Promissory Note	Erasures not countersigned by the borrower; lacking sig of witness(L. Illama)
	c Disclosure Statement	lacks printing in the 2nd page but signed by borrower & bookkeeper
	d Deed of Assignment of Dep.	N.A.
	e Security Agreement	Pre-signed debit authority & DOA in pymt of debt
	f Co-Maker's Statement	Blank name & amount in figures on the stmt; no sig. of Pres or Mgr.
	h Application/Repeat Loan Form	Blank date
	l Credit Investigation	Complete
	j Background Investigation	Complete
	k Cash Flow Analysis	Positive weekly & monthly amts converted & added to the daily figures
	l Worksheet for Cash Flow	Erroneous computation of max. loan amount
	m Co-makers profile	Blank employment or business profile (V. Villanueva)
2 SEGUVIA, LOURDES Loan Acct. # AO: ANTHONY ILARDE Loan Details: Loan Cycle: 2nd Cycle Amount Disbursed: P10,000.00 Loan Term: 90 days (3 mos) Date Disbursed: Aug. 7, 2001 Type of Business: 1) EATERY & GIFT SHOP (PASALU-BONG)	a Loan Recommendation Sheet	No approval of Dennis Moreno; loan term not stated
	b Promissory Note	No signature of two witnesses (L. Illama & A. Ilarde)
	c Disclosure Statement	No signature of bookkeeper (Carolina Caballes)
	d Deed of Assignment of Dep.	N.A.
	e Security Agreement	Pre-signed debit authority & DOA
	f Co-Maker's Statement	None
	h Application/Repeat Loan Form	Complete
	l Credit Investigation	Complete
	j Background Investigation	Complete
	k Cash Flow Analysis	Only the PUV expense is being considered as the daily reg. Expenditure
	l Worksheet for Cash Flow	Erroneous computation of the max. loan amount
	m Co-makers profile	No profile for two new co-makers

3 REYES, MARILYN Loan Acct. # AO: ANTHONY ILARDE Loan Details: Loan Cycle: 4th Cycle Amount Disbursed: P20,000.00 Loan Term: 120 days (4 mos) Date Disbursed: July 05, 2001 Type of Business 1) Sari-sari Store	a	Loan Recommendation Sheet	Approved (no signature of Asst. GM); loan term not stated
	b	Promissory Note	Lacking sig. of 2 witnesses
	c	Discount Statement	No signature of bookkeeper (C. Caballes)
	d	Deed of Assignment of Dep.	N.A.
	e	Dacion en Pago	Pre-signed debit authority & DOA
	f	Co-Maker's Statement	Blank (Morena Carampatana); Blank date & name of borrower (E. Santos)
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Complete (previous loan availment (2nd cycle)
	j	Background Investigation	Complete (previous loan availment (2nd cycle)
	k	Cash Flow Analysis	Limited daily expenditures; erroneous computation of max. loan amount
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Blank (Morena Carampatana)
4 URBISTUNDO, SERAH Loan Acct. # AO: LINABEN MILLAMA Loan Details: Loan Cycle: 1st Cycle Amount Disbursed: P15,000.00 Loan Term: 90 days (3 mos) Date Disbursed: Oct. 22, 2001 Type of Business 1) Rice & Corn Retailer 2) Sari-sari Store	a	Loan Recommendation Sheet	Approved; loan term not stated
	b	Promissory Note	Lacking sig. of one witness (M. Cang)
	c	Discount Statement	No signature of bookkeeper (C. Caballes)
	d	Deed of Assignment of Dep.	N.A.
	e	Dacion en Pago	Pre-signed debit authority & DOA
	f	Co-Maker's Statement	None
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Complete
	j	Background Investigation	Complete
	k	Cash Flow Analysis	Bloated gross income; erroneous computation of max. loan amount
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	None
5 MORDENO, FLORABEL Loan Acct. # AO: LINABEN MILLAMA Loan Details: Loan Cycle: 4th Cycle Amount Disbursed: P10,000.00 Loan Term: 90 days (3 mos.) Date Disbursed: Oct. 3, 2001 Type of Business 1) Sari-Sari Store / Carinderia	a	Loan Recommendation Sheet	No approval from the Credit Committee
	b	Promissory Note	Alteration on date not countersigned by the borrower
	c	Discount Statement	No signature of bookkeeper (C. Caballes)
	d	Deed of Assignment of Dep.	N.A.
	e	Dacion en Pago	Pre-signed debit authority & DOA
	f	Co-Maker's Statement	Sig. of co-maker (Nenita Yu) different from the other documents
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Complete
	j	Background Investigation	Complete
	k	Cash Flow Analysis	Erroneous computation of max. loan amount
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Complete

6 SANTOS, EVANGELINE Loan Acct. # AO: LINABEN MILLAMA Loan Details: Loan Cycle: 5th Cycle Amount Disbursed: P20,000.00 Loan Term: 90 days (3 mos) Date Disbursed: Oct. 31, 2001 Type of Business 1) Sari-Sari Store	a	Loan Recommendation Sheet	No approval from the Credit Committee
	b	Promissory Note	Blank address (borrower) & blank names & sig. of 2 witnesses
	c	Discount Statement	No signature of bookkeeper (C. Caballes)
	d	Deed of Assignment of Dep.	N.A.
	e	Dacion en Pago	Pre-signed debit authority & DOA
	f	Co-Maker's Statement	Blank date; no approval of Pres./BM
	h	Application/Repeat Loan Form	Blank date
	l	Credit Investigation	Complete
	j	Background Investigation	Complete
	k	Cash Flow Analysis	Positive monthly figure converted to daily figures; erroneous computation
	l	Worksheet for Cash Flow	of max. loan amount
	m	Co-makers profile	No business or employment data
7 INCHOCO, JUDITH Loan Acct. # AO: LINABEN MILLAMA Loan Details: Loan Cycle: 15th Cycle Amount Disbursed: P80,000.00 Loan Term: 30 days (1 mo.) Date Disbursed: Oct. 12, 2001 Type of Business 1) Sari-Sari Store 2) Rice Wholeseller	a	Loan Recommendation Sheet	No approval of Credit Committee & Asst. GM
	b	Promissory Note	No sig. of two witnesses; spouse signed by the borrower (for)
	c	Discount Statement	Blank date; no signature of bookkeeper (C. Caballes)
	d	Deed of Assignment of Dep.	N.A.
	e	Dacion en Pago	Pre-signed debit authority & DOA
	f	Co-Maker's Statement	Blank date (J. Latonio)
	h	Application/Repeat Loan Form	Blank date
	l	Credit Investigation	Complete (attached to previous credit files)
	j	Background Investigation	Complete (attached to previous credit files)
	k	Cash Flow Analysis	Big daily gross cash income as compared to daily expenditures;
	l	Worksheet for Cash Flow	erroneous computation of max. loan amount; cash flow computed for 3 mos.
	m	Co-makers profile	No employment/business data (Judy Latonio)
8 CATOR, JUENLYN Loan Acct. # AO: LINABEN MILLAMA Loan Details: Loan Cycle: 2nd Cycle Amount Disbursed: P20,000.00 Loan Term: 90 days (3 mos.) Date Disbursed: Nov. 22, 2001 Type of Business 1) Sari-Sari Store 2) Bakeshop	a	Loan Recommendation Sheet	Approved; loan term not stated
	b	Promissory Note	No signature of two witnesses;
	c	Discount Statement	No signature of bookkeeper (C. Caballes)
	d	Deed of Assignment of Dep.	N.A.
	e	Dacion en Pago	Pre-signed debit authority & DOA
	f	Co-Maker's Statement	Blank date & no signature of Pres. Or Manager
	h	Application/Repeat Loan Form	Blank date & outstanding loans
	l	Credit Investigation	Complete
	j	Background Investigation	Complete
	k	Cash Flow Analysis	Erroneous computation of max. loan amount
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Complete

9 FERNANDEZ, JOEL Loan Acct. # AO: LINABEN MILLAMA Loan Details: Loan Cycle: 1st Cycle Amount Disbursed: P15,000.00 Loan Term: 90 days (3 mos) Date Disbursed: Nov. 23, 2001 Type of Business 1) Photo Studio	a	Loan Recommendation Sheet	Approved; loan term not stated
	b	Promissory Note	No signature of two witnesses
	c	Discount Statement	No signature of bookkeeper (C. Caballes)
	d	Deed of Assignment of Dep.	N.A.
	e	Dacion en Pago	Pre-signed debit authority & DOA
	f	Co-Maker's Statement	No sig. of Pres./Manager
	h	Application/Repeat Loan Form	Blank date
	l	Credit Investigation	Complete
	j	Background Investigation	Complete
	k	Cash Flow Analysis	Erroneous max. loan amount
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Incomplete business data (Gerard Curilan)
10 ODVINA, REYNELDA Loan Acct. # AO: LINABEN MILLAMA Loan Details: Loan Cycle: 1st Cycle Amount Disbursed: P10,000.00 Loan Term: 90 days (3 mos) Date Disbursed: Jan. 30, 2002 Type of Business 1) Sari-Sari Store	a	Loan Recommendation Sheet	Approved; loan term not stated
	b	Promissory Note	No signature of two witnesses
	c	Discount Statement	No signature of bookkeeper (C. Caballes) & Dennis Moreno
	d	Deed of Assignment of Dep.	N.A.
	e	Dacion en Pago	Pre-signed debit authority & DOA
	f	Co-Maker's Statement	Blank date & sig. of Pres./Manager
	h	Application/Repeat Loan Form	Blank date
	l	Credit Investigation	Single w/ 2 kids, w/ monthly remittance of P30K?
	j	Background Investigation	Complete
	k	Cash Flow Analysis	Blank daily expenditures, positive monthly figures converted to daily amts.
	l	Worksheet for Cash Flow	Erroneous computation of max. loan amount
	m	Co-makers profile	Blank employment/business data
11 MATEO, ESTHER Loan Acct. # AO: LINABEN MILLAMA Loan Details: Loan Cycle: 2nd Cycle Amount Disbursed: P10,000.00 Loan Term: 90 days (3 mos) Date Disbursed: Dec. 18, 2001 Type of Business 1) Sari-Sari Store	a	Loan Recommendation Sheet	No approval from the Credit Committee
	b	Promissory Note	No signature of two witnesses
	c	Discount Statement	Blank date; no signature of bookkeeper (C. Caballes)
	d	Deed of Assignment of Dep.	N.A.
	e	Dacion en Pago	Pre-signed debit authority; no signature of borrower on DOA (2nd page)
	f	Co-Maker's Statement	Signature of co-maker different in the PN & co-maker's stmt.
	h	Application/Repeat Loan Form	Blank outstanding loans
	l	Credit Investigation	Complete (previous credit files)
	j	Background Investigation	Complete (previous credit files)
	k	Cash Flow Analysis	Erroneous computation of max. loan amount
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Complete

12 DE VILLA, ADELINA Loan Acct. # AO: ANTHONY ILARDE Loan Details: Loan Cycle: 3rd Cycle Amount Disbursed: P15,000.00 Loan Term: 90 days (3 mos) Date Disbursed: Nov. 19, 2001 Type of Business 1) Snack Bar	a	Loan Recommendation Sheet	No approval of Dennis Moreno & Asst. GM
	b	Promissory Note	No signature of two witnesses
	c	Discount Statement	No signature of bookkeeper (C. Caballes)
	d	Deed of Assignment of Dep.	N.A.
	e	Dacion en Pago	Pre-signed Debit Authority & DOA
	f	Co-Maker's Statement	Blank date & signature of Pres. Or Manager
	h	Application/Repeat Loan Form	Blank date & co-makers
	l	Credit Investigation	Complete
	j	Background Investigation	No remarks on personal character references
	k	Cash Flow Analysis	Positive monthly figures converted to daily amounts; erroneous max. loan
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Complete
13 CRUZ, ELSA Loan Acct. # AO: ANTHONY ILARDE Loan Details: Loan Cycle: 3rd Cycle Amount Disbursed: P30,000.00 Loan Term: 90 days (3 mos) Date Disbursed: Aug. 8, 2001 Type of Business 1) Dry Goods Supplier	a	Loan Recommendation Sheet	Approved (no signature of Asst. GM); loan term not stated
	b	Promissory Note	Complete
	c	Discount Statement	No signature of bookkeeper (C. Caballes)
	d	Deed of Assignment of Dep.	N.A.
	e	Dacion en Pago	Pre-signed Debit Authority & DOA
	f	Co-Maker's Statement	Blank date; no signature of Pres./Manager
	h	Application/Repeat Loan Form	Blank date
	l	Credit Investigation	Complete (previous loans)
	j	Background Investigation	Complete (previous loans)
	k	Cash Flow Analysis	Negative daily & monthly totals, computed for daily basis, erroneous
	l	Worksheet for Cash Flow	max. loan amount,
	m	Co-makers profile	Complete
14 BERAY, ROSITA Loan Acct. # AO: LINABEN MILLAMA Loan Details: Loan Cycle: 2nd Cycle Amount Disbursed: P15,000.00 Loan Term: 90 days (3 mos) Date Disbursed: Nov. 28, 2001 Type of Business 1) Sari-Sari Store 2) Carinderia	a	Loan Recommendation Sheet	Approved; loan term not stated
	b	Promissory Note	Alterations on interest portion in words; no sig. of two witnesses
	c	Discount Statement	No signature of bookkeeper (C. Caballes)
	d	Deed of Assignment of Dep.	N.A.
	e	Dacion en Pago	Pre-signed Debit Authority & DOA
	f	Co-Maker's Statement	Blank name, age, nationality & date
	h	Application/Repeat Loan Form	Blank date
	l	Credit Investigation	Complete
	j	Background Investigation	Complete
	k	Cash Flow Analysis	Erroneous computation of max. loan amount
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Blank employment / business data

Microfinance Operations Review

Enterprise Bank, Inc.

Bislig Field Office

Jan. 24, 2002

Note: All NMTK accounts

Name of Borrower	Documents Checked	Remarks
1 MASLOG, MERLINA Loan Acct # AO: Roger Sarmiento Loan Details: Loan Cycle: 1st Cycle Amount Disbursed: P8,000.00 Loan Term: 3 mos. Date Disbursed: Oct. 10, 2001 Type of Business: 1) Vegetable & Fish Dealer	a Loan Recommendation Sheet	Approved (with Asst. GM approval); loan term not stated
	b Promissory Note	Alteration on dates; no signature of witnesses; lacking sig.of co-maker
	c Disclosure Statement	Complete
	d Deed of Assignment of Dep.	N.A.
	e Security Agreement	With pre-signed debit authority,contract of pledge,deed of assign.(no.sig. of client
	f Co-Maker's Statement	Blank date; no approval
	h Application/Repeat Loan Form	Complete
	l Credit Investigation	Complete
	j Background Investigation	Complete
	k Cash Flow Analysis	No computation of max. loan,
	l Worksheet for Cash Flow	N.A.
	m Co-makers profile	Complete
2 DULFO, PABLO JR. Loan Acct. # AO: Roger Sarmiento Loan Details: Loan Cycle: 3rd Cycle Amount Disbursed: P20,000.00 Loan Term: 4 mos. Date Disbused: Oct. 17, 2001 Type of Business: 1) School Supplies Previous loan documents kept at the Hinatuan Branch	a Loan Recommendation Sheet	Approved (with Asst. GM signature); loan term not stated
	b Promissory Note	Complete
	c Disclosure Statement	With alterations on figures-countersigned by the bookkeeper
	d Deed of Assignment of Dep.	N.A.
	e Security Agreement	With presigned debit authority, deed of assignment, & contract pledge
	f Co-Maker's Statement	Blank date; no approval
	h Application/Repeat Loan Form	Complete
	l Credit Investigation	(kept in the previous files in Hinatuan Branch)
	j Background Investigation	N.A.
	k Cash Flow Analysis	Erroneous computation of the max. loan
	l Worksheet for Cash Flow	N.A.
	m Co-makers profile	Complete
	Other comments:	Years of operation in the business (application form): 5 years
		Based on Ocular inspection of AO(cash flow form): 15 years

3 LOBO, ROLANDO Loan Acct. # AO: Roger Sarmiento Loan Details: Loan Cycle: 3rd Cycle Amount Disbursed: P10,000.00 Loan Term: 3 mos. Date Disbursed: Nov. 23, 2001 Type of Business 1) Sari-Sari Store Previous loan documents kept at the Hinatuan Branch	a	Loan Recommendation Sheet	Approved (with Asst. GM signature); loan term not stated
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	Presigned debit authority; contract pledge, & deed of assignment
	f	Co-Maker's Statement	Blank date; no approval
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	(previous files kept in the Hinatuan Branch)
	j	Background Investigation	N.A.
	k	Cash Flow Analysis	Erroneous computation of the max. loan (positive mo. amts converted to daily)
	l	Worksheet for Cash Flow	N.A.
4 FARIQUELA, NORMA Loan Acct. # AO: Roger Sarmiento Loan Details: Loan Cycle: 3rd Cycle Amount Disbursed: P20,000.00 Loan Term: 4 mos. Date Disbursed: Oct. 16, 2001 Type of Business 1) Dry Goods Previous loan documents kept at the Hinatuan Branch	m	Co-makers profile	Complete
	a	Loan Recommendation Sheet	Approved (with Asst. GM signature); loan term not stated
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	With pre-signed deed of assignment & contract of pledge
	f	Co-Maker's Statement	Blank date
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	(previous files kept at the Hinatuan Branch)
	j	Background Investigation	N.A.
	k	Cash Flow Analysis	Erroneous computation of the max. loan
5 MANGIN, MINDA Loan Acct. # AO: Roger Sarmiento Loan Details: Loan Cycle: 1st Cycle Amount Disbursed: Loan Term: P13,000.00 Date Disbursed: Jan. 08, 2002 Type of Business 1) Buy & Sell of Charcoal	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Complete
	a	Loan Recommendation Sheet	Approved (with Asst. GM signature); loan term not stated
	b	Promissory Note	Complete
	c	Disclosure Statement	No signature of bookkeeper (M. Viola)
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	Presigned pledge of contract & deed of assignment
	f	Co-Maker's Statement	Complete
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Blank spaces: personal character; court cases; credit history & references
	j	Background Investigation	None
	k	Cash Flow Analysis	Erroneous max. loan entitlement
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Complete

6 DAHANG, FAUSTINO Loan Acct. # AO: Roger Sarmiento Loan Details: Loan Cycle: 3rd Cycle Amount Disbursed: P30,000.00 Loan Term: 4 mos. Date Disbursed: Oct. 22, 2001 Type of Business 1) Billiard Tables Previous loan documents kept at the Hinatuan Branch	a	Loan Recommendation Sheet	Approved (with Asst. GM approval); loan term not stated
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	
	f	Co-Maker's Statement	Complete
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	(previous files at the Hinatuan Branch)
	j	Background Investigation	N.A.
	k	Cash Flow Analysis	Estimated amt of debt service & ARC not computed
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Complete
7 MALAZARTE, JESUSA Loan Acct. # AO: Roger Sarmiento Loan Details: Loan Cycle: 2nd Cycle Amount Disbursed: P25,000.00 Loan Term: 120 days (4 mos) Date Disbursed: Jan. 23, 2002 Type of Business 1) Restaurant-Lechon Manok Retailing CREDIT FILE WITH ONE PDC (BLANK DATE)	a	Loan Recommendation Sheet	Approved for P35K by the Asst. GM-loan granted is only P25K
	b	Promissory Note	No signature of two witnesses (Roger Sarmient& Michelle Adobas)
	c	Disclosure Statement	No signature of bookkeeper
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	Security docs. None; but with PDC (without date; not crossed check)
	f	Co-Maker's Statement	No signature on approved portion & no signature of President or GM; incomplete data
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	None
	j	Background Investigation	N.A.
	k	Cash Flow Analysis	Max. loan not computed
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Incomplete employment/business data (Lourdez Malazarte)
8 RULETE, VERGINIA Loan Acct. # AO: Roger Sarmiento Loan Details: Loan Cycle: 4th Cycle Amount Disbursed: P35,000.00 Loan Term: 120 days (4 mos.) Date Disbursed: Aug. 15, 2001 Type of Business 1) Jewelry Making Previous loan documents kept at the Hinatuan Branch	a	Loan Recommendation Sheet	Approved (with Asst. GM signature); loan term not stated
	b	Promissory Note	Lacking signature of one witness (Fe Christie Camba)
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	With presigned debit authority; deed of assignment & contract of pledge
	f	Co-Maker's Statement	Blank date
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	(previous files kept at the Hinatuan Branch)
	j	Background Investigation	N.A.
	k	Cash Flow Analysis	Erroneous computation of max. loan entitlement
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Complete

9 PERONG, HERNITA Loan Acct. # AO: Roger Sarmiento Loan Details: Loan Cycle: 6th Cycle Amount Disbursed: P15,000.00 Loan Term: 90 days (3 mos) Date Disbursed: Jan. 22, 2002 Type of Business 1) Motorcycle Repair Shop Previous loan documents kept at the Hinatuan Branch	a Loan Recommendation Sheet	Approved (with Asst. GM signature); loan term not stated
	b Promissory Note	lacking signature of one witness (Roger Sarmiento)
	c Disclosure Statement	Lacking signature of bookkeeper (M. Viola)
	d Deed of Assignment of Dep.	N.A.
	e Security Agreement	With presigned debit authority, deed of assignment; contract pledge
	f Co-Maker's Statement	Complete
	h Application/Repeat Loan Form	Lacking data on references & co-makers
	l Credit Investigation	(previous files kept at the Hinatuan Branch)
	j Background Investigation	N.A.
	k Cash Flow Analysis	No computation of max. loan entitlement
	l Worksheet for Cash Flow	N.A.
10 FIEL, JESUS Loan Acct. # AO: Roger Sarmiento Loan Details: Loan Cycle: Amount Disbursed: P70,000.00 Loan Term: 150 days Date Disbursed: Jan. 14, 2002 Type of Business 1) Agri-Vet Supply Previous loan documents kept at the Hinatuan Branch	m Co-makers profile	Incomplete employment/business data; blank date
	a Loan Recommendation Sheet	Approved (with Asst. GM signature); loan term not stated
	b Promissory Note	Complete
	c Disclosure Statement	Lacking signature of bookkeeper (M. Viola)
	d Deed of Assignment of Dep.	N.A.
	e Security Agreement	(previous files kept at Hinatuan Branch)
	f Co-Maker's Statement	Complete
	h Application/Repeat Loan Form	Complete
	l Credit Investigation	(previous files kept at Hinatuan Branch)
	j Background Investigation	N.A.
	k Cash Flow Analysis	None
11 PAGADUAN, CHARLITA Loan Acct. # AO: Fe Christie Camba Loan Details: Loan Cycle: 3rd Cycle Amount Disbursed: P20,000.00) Loan Term: 17 weeks Date Disbursed: Oct. 24, 2001 Type of Business 1) Restaurant / KTV Bar Previous loan documents kept at the Hinatuan Branch	l Worksheet for Cash Flow	N.A.
	m Co-makers profile	Complete
	a Loan Recommendation Sheet	Approved (with Asst. GM signature); loan term not stated
	b Promissory Note	Complete
	c Disclosure Statement	Complete
	d Deed of Assignment of Dep.	N.A.
	e Security Agreement	No sig. of assignor at the back portion, presigned
	f Co-Maker's Statement	Blank date
	h Application/Repeat Loan Form	Complete
	l Credit Investigation	(previous files kept at Hinatuan Branch)
	j Background Investigation	N.A.
	k Cash Flow Analysis	Erroneous computation of the max. loan entitlement
	l Worksheet for Cash Flow	N.A.
	m Co-makers profile	Incomplete employer or business data

12 MENDOZA, HONORINA Loan Acct. # AO: Allaniel Humilde Loan Details: Loan Cycle: Amount Disbursed: P25,000.00 Loan Term: 120 (4 mos) Date Disbursed: Jan. 11, 2002 Type of Business 1) Sari-Sari Store Previous loan documents at the Hinatuan Branch	a	Loan Recommendation Sheet	Approved (with Asst. GM signature); loan term not stated
	b	Promissory Note	Complete
	c	Disclosure Statement	With alterations on the figures-no counter signature of borrower
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	No signature of borrower at the back portion; with alteration on C.O.P.
	f	Co-Maker's Statement	Blank date
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Incomplete details on References; Court Cases; Ocular inspection, Observations)
	j	Background Investigation	N.A.
	k	Cash Flow Analysis	No computation of max. loan entitlement
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Incomplete details on business data
13 VILLAR, ROMEO Loan Acct. # AO: Fe Christie Camba Loan Details: Loan Cycle: 5th Cycle Amount Disbursed: P25,000.00 Loan Term: 17 weeks Date Disbursed: Nov. 21, 2001 Type of Business 1) Fish Vendor Previous loan documents at the Hinatuan Branch	a	Loan Recommendation Sheet	Approved; loan term not stated
	b	Promissory Note	Complete
	c	Disclosure Statement	Blank date on the form
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	Pre-signed deed of assignment; no sig. of borrower at the back portion
	f	Co-Maker's Statement	Blank date
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Complete
	j	Background Investigation	N.A.
	k	Cash Flow Analysis	Erroneous computation of the max. loan
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Complete
14 BETIA, NOEL Loan Acct. # AO: Allaniel Humilde Loan Details: Loan Cycle: Amount Disbursed: P15,000.00 Loan Term: 4 mos. Date Disbursed: Jan. 11, 2002 Type of Business 1) Buy & Sell Previous loan documents at the Hinatuan Branch	a	Loan Recommendation Sheet	Approved by Asst. Gen. Mgr for 10K, GM for 15K, granted 15K;term not stated
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	None (deed of assignment from previous loan availment)
	f	Co-Maker's Statement	Blank date
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	(previous files kept at Hinatuan Branch)
	j	Background Investigation	N.A.
	k	Cash Flow Analysis	Good, conservative computations
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Complete

15 MIRANDA, FE Loan Acct. # AO: Roger Sarmiento Loan Details: Loan Cycle: 3rd Cycle Amount Disbursed: P15,000.00 Loan Term: 3 mos. Date Disbursed: Oct. 31, 2001 Type of Business 1) Sari-sari Store Previous loan documents at the Hinatuan Branch		
	a Loan Recommendation Sheet	Approved (with Asst. GM signature); loan term not stated
	b Promissory Note	Complete
	c Disclosure Statement	Lacking signature of bookkeeper (M. Viola)
	d Deed of Assignment of Dep.	N.A.
	e Security Agreement	Presigned debit authority, deed of assignment & contract of pledge
	f Co-Maker's Statement	Blank date
	h Application/Repeat Loan Form	Complete
	l Credit Investigation	(previous files kept at Hinatuan Branch)
	j Background Investigation	N.A.
	k Cash Flow Analysis	Erroneous computation of the max. loan; bloated gross sales w/o support
	l Worksheet for Cash Flow	N.A.
	m Co-makers profile	Complete
16 CARILIMDILIMAN, MYRNA Loan Acct. # AO: Roger Sarmiento Loan Details: Loan Cycle: 4th Cycle Amount Disbursed: P25,000.00 Loan Term: 4 mos. Date Disbursed: Oct. 05, 2001 Type of Business 1) Carinderia Previous loan documents at the Hinatuan Branch	a Loan Recommendation Sheet	Approved; loan term not stated
	b Promissory Note	Complete
	c Disclosure Statement	Complete
	d Deed of Assignment of Dep.	N.A.
	e Security Agreement	Complete
	f Co-Maker's Statement	Blank date
	h Application/Repeat Loan Form	Complete
	l Credit Investigation	(previous files kept at Hinatuan Branch)
	j Background Investigation	N.A.
	k Cash Flow Analysis	Erroneous computation of the max. loan; bloated gross sales w/o support
	l Worksheet for Cash Flow	N.A.
	m Co-makers profile	Complete

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Bayugan Branch
Jan. 31, 2002

Name of Borrower	Documents Checked	Remarks
1 OLEA, CONRADA Loan Acct # AO: Elgie Yriarte Loan Details: Loan Cycle: 8th Cycle Amount Disbursed: P10,000.00 Loan Term: 90 days (3 mos.) Date Disbursed: Jan. 08, 2002 Type of Business: 1) Sari-Sari Store Old credit files kept in a separate envelope	a Loan Recommendation Sheet	Approved; loan term not stated
	b Promissory Note	Complete
	c Disclosure Statement	Complete
	d Deed of Assignment of Dep.	N.A.
	e Security Agreement	Attached to old credit files separate from this loan
	f Co-Maker's Statement	Attached to old credit files separate from this loan
	h Application/Repeat Loan Form	Complete
	l Credit Investigation	Attached to old credit files separate from this loan
	j Background Investigation	Attached to old credit files separate from this loan
	k Cash Flow Analysis	Attached to old credit files separate from this loan
	l Worksheet for Cash Flow	N.A.
	m Co-makers profile	Attached to old credit files separate from this loan
2 TECSON, LEONARDA Loan Acct. # AO: Elgie Yriarte Loan Details: Loan Cycle: 6th Cycle Amount Disbursed: P5,000.00 Loan Term: 90 days (3 mos.) Date Disbursed: Dec. 26, 2001 Type of Business: 1) Electronic Shop	a Loan Recommendation Sheet	Approved; Loan term not stated
	b Promissory Note	Signature of borrower & spouse different from the application form
	c Disclosure Statement	Lacking signature of bookkeeper (Caroline Caballes)
	d Deed of Assignment of Dep.	N.A.
	e Security Agreement	Attached to old credit files separate from this loan
	f Co-Maker's Statement	Attached to old credit files separate from this loan
	h Application/Repeat Loan Form	Complete
	l Credit Investigation	Attached to old credit files separate from this loan
	j Background Investigation	Attached to old credit files separate from this loan
	k Cash Flow Analysis	Attached to old credit files separate from this loan
	l Worksheet for Cash Flow	N.A.
	m Co-makers profile	Attached to old credit files separate from this loan

3 DELMORO, GLENDITH Loan Acct. # AO: ELGIE YRIARTE Loan Details: Loan Cycle: 7th Cycle Amount Disbursed: P25,000.00 Loan Term: 180 days (6 mos) Date Disbursed: Jan. 15, 2002 Type of Business 1) PUJ (Passenger Utility Jeep)	a	Loan Recommendation Sheet	No approval from Asst. GM(beyond BM autho.)Loan term & amount not stated
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	Attached to old credit files separate from this loan
	f	Co-Maker's Statement	Complete
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Attached to old credit files separate from this loan
	j	Background Investigation	Attached to old credit files separate from this loan
	k	Cash Flow Analysis	Attached to old credit files separate from this loan
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Incomplete data (Sevelume Oporto) - retired employee w/ no current bus.
4 RAFOLLO, EDELYN Loan Acct. # AO: ELGIE YRIARTE Loan Details: Loan Cycle: 8th Cycle Amount Disbursed: P10,000.00 Loan Term: 90 days (3 mos) Date Disbursed: Dec. 11, 2001 Type of Business 1)Carinderia	a	Loan Recommendation Sheet	Approved; Loan term not stated
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	Attached to old credit files separate from this loan
	f	Co-Maker's Statement	Attached to old credit files separate from this loan
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Attached to old credit files separate from this loan
	j	Background Investigation	Attached to old credit files separate from this loan
	k	Cash Flow Analysis	Attached to old credit files separate from this loan
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Attached to old credit files separate from this loan
5 BACAS, EVA Loan Acct. # AO: ELGIE YRIARTE Loan Details: Loan Cycle: 4th Cycle Amount Disbursed: P20,000.00 Loan Term: 90 days (3 mos) Date Disbursed: Dec. 19, 2001 Type of Business 1) Sari-Sari Store	a	Loan Recommendation Sheet	Approved with GM signature; Loan term not stated
	b	Promissory Note	Amount in figures with alterations-not countersigned by borrower
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	Attached to old credit files separate from this loan
	f	Co-Maker's Statement	Attached to old credit files separate from this loan
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Complete
	j	Background Investigation	Complete
	k	Cash Flow Analysis	Attached to old credit files separate from this loan
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Attached to old credit files separate from this loan

6 RECILLA, ANGELES Loan Acct. # AO: ELGIE YRIARTE Loan Details: Loan Cycle: 1st Cycle Amount Disbursed: P30,000.00 Loan Term: 90 days (3 mos) Date Disbursed: Jan. 17, 2002 Type of Business 1) Boutique Shop (Dressmaking) 2) Piggery (Livestock)	a	Loan Recommendation Sheet	Approved with GM signature: Loan term not stated
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete (Duplicate copy only for the bank)
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	Pre-signed debit authority, DOA in pymt of debt
	f	Co-Maker's Statement	Signature of co-maker (Marlyn Decals) different from co-maker's stmt.; no sig. of BM
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Complete
	j	Background Investigation	Complete
	k	Cash Flow Analysis	Monthly computations only w/ AO recommendation for 6 mos., approved for 3 mos w/ semi-monthly pymts.
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Blank (no business/employment data)
7 EBSOLO, AUREA Loan Acct. # AO: ELGIE YRIARTE Loan Details: Loan Cycle: 4th Cycle Amount Disbursed: P10,000.00 Loan Term: 90 days (3 mos) Type of Business 1) RTW Retailer ("okay-okay")	a	Loan Recommendation Sheet	Approved; Loan term not stated
	b	Promissory Note	Signature of borrower in the PN different from the Application form
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	Attached to old credit files separate from this loan
	f	Co-Maker's Statement	Complete
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Attached to old credit files separate from this loan
	j	Background Investigation	Attached to old credit files separate from this loan
	k	Cash Flow Analysis	Attached to old credit files separate from this loan
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Complete
8 BAGUIO, SANETH Loan Acct. # AO: ELGIE YRIARTE Loan Details: Loan Cycle: 1st Cycle Amount Disbursed: P10,000.00 Loan Term: 90 days (3 mos) Date Disbursed: Jan. 15, 2002 Type of Business 1) Bakeshop	a	Loan Recommendation Sheet	Approved; loan term not stated
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete (duplicate copy only kept in the bank)
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	Pre-signed debit authorit & DOA in pymt of debt
	f	Co-Maker's Statement	Complete
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Blank data on Sales, Business trends, Working capital
	j	Background Investigation	Only one person (Elsa Baguio) was interviewed
	k	Cash Flow Analysis	Remittances from abroad not reflected in the CI report on Savings History
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	No business/employment data (Wilma Gono)

9 PERLARES, ERLINDA Loan Acct. # AO: ELGIE YRIARTE Loan Details: Loan Cycle: 2nd Cycle Amount Disbursed: P30,000.00 Loan Term: 90 days (3 mos.) Date Disbursed: Nov. 28, 2001 Type of Business 1) Dealer fo DXN Herbal	a	Loan Recommendation Sheet	Complete with approval of the Head Cashier (Wilma Requilme)
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	Attached to old credit files separate from this loan.
	f	Co-Maker's Statement	Attached to old credit files separate from this loan.
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Business trends not identified
	j	Background Investigation	Attached to old credit files separate from this loan.
	k	Cash Flow Analysis	Erroneous computation of the max. loan entitlement
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Attached to old credit files separate from this loan.
10 LAPASARAN, DAISY Loan Acct. # AO: ELGIE YRIARTE Loan Details: Loan Cycle: 2nd Cycle Amount Disbursed: P10,000.00 Loan Term: 90 days (3 mos.) Date Disbursed: Dec. 18, 2001 Type of Business 1) Dry Goods	a	Loan Recommendation Sheet	Approved; loan term not stated
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	Attached to old credit files separate from this loan.
	f	Co-Maker's Statement	Attached to old credit files separate from this loan.
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Attached to old credit files separate from this loan.
	j	Background Investigation	Attached to old credit files separate from this loan.
	k	Cash Flow Analysis	Attached to old credit files separate from this loan.
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Attached to old credit files separate from this loan.
11 MANANQUIL, GARIZALDY Loan Acct. # AO: ELGIE YRIARTE Loan Details: Loan Cycle: 1st Cylcle Amount Disbursed: P10,000.00 Loan Term: 90 days (3 mos.) Date Disbursed: Jan. 09, 2002 Type of Business 1) Carinderia (Balbacua)	a	Loan Recommendation Sheet	Approved; loan term not stated
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete (duplicate copy only kept in the bank)
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	Pre-signed debit authority & DOA in pymt of debt
	f	Co-Maker's Statement	Blank date, name of borrower & amount in figures in the co-maker's stmt.
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Complete
	j	Background Investigation	Complete
	k	Cash Flow Analysis	Erroneous computation of max. loan entitlement
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Incomplete details of business (Sylvia Rafallo & Edelyn Rafallo)

12 ESTAY, SANNY Loan Acct. # AO: ELGIE YRIARTE Loan Details: Loan Cycle: 7th Cycle Amount Disbursed: P20,000.00 Loan Term: 90 days (3 mos.) Date Disbursed: Dec. 11, 2001 Type of Business 1) Buy & Sell of Vegetables	a	Loan Recommendation Sheet	Approved; loan term not stated
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete (duplicate copy only kept in the credit file)
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	Attached to old credit files separate from this file
	f	Co-Maker's Statement	Attached to old credit files separate from this file
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Attached to old credit files separate from this file
	j	Background Investigation	Attached to old credit files separate from this file
	k	Cash Flow Analysis	Attached to old credit files separate from this file
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Attached to old credit files separate from this file
13 JUMALON, ROBERTO Loan Acct. # AO: FERNANDO NAZARENO Loan Details: Loan Cycle: 7th Cycle Amount Disbursed: P10,000.00 Loan Term: 90 days (3 mos.) Date Disbursed: Jan. 22, 2002 Type of Business 1) Trimotor	a	Loan Recommendation Sheet	Approved; loan term not stated
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete (duplicate copy only kept in the credit file); alterations not countersigned by the borrower
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	Attached to old credit files separate from this file
	f	Co-Maker's Statement	Attached to old credit files separate from this file
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Attached to old credit files separate from this file
	j	Background Investigation	Attached to old credit files separate from this file
	k	Cash Flow Analysis	Attached to old credit files separate from this file
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Attached to old credit files separate from this file
14 DECAL, MARLYN Loan Acct. # AO: ELGIE YRIARTE Loan Details: Loan Cycle: 1st Cycle Amount Disbursed: P30,000.00 Loan Term: 180 days (6 mos) Date Disbursed: Dec. 19, 2001 Type of Business 1) Sari-Sari Store 2) Piggery	a	Loan Recommendation Sheet	Approved with Asst. GM signature; loan term not stated
	b	Promissory Note	Signature of co-maker (Romeo Ramos) different from co-maker's stmt.
	c	Disclosure Statement	Complete (duplicate copy only kept in the credit file)
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	Pre-signed Debit Authority, DOA in pymt of debt
	f	Co-Maker's Statement	Blank amount in figures under the co-maker's stmt.
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Complete
	j	Background Investigation	Complete
	k	Cash Flow Analysis	Erroneous comp of max. loan amount under the daily column
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Co-makers no existing businesses

15 ORTEGA, ROMANA Loan Acct. # AO: ELGIE YRIARTE Loan Details: Loan Cycle: 1st Cycle Amount Disbursed: P15,000.00 Loan Term: 90 days (3 mos.) Date Disbursed: Nov. 13, 2001 Type of Business 1) RTW Retailer ("okay-okay")	a	Loan Recommendation Sheet	Approved by Asst. GM for P20K, loan disbursed for P15K; Loan term not stated
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	Pre-signed Debit Authority & DOA in pymt of debt
	f	Co-Maker's Statement	Blank name of borrower & amount in figures in the co-maker's stmt.
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Complete
	j	Background Investigation	Complete
	k	Cash Flow Analysis	Erroneous computation of max. loan amount; lack of support for inc. of P7K/day
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Complete
16 LIBRES, JOURNALYN Loan Acct. # AO: ELGIE YRIARTE Loan Details: Loan Cycle: 8th Cycle Amount Disbursed: P5,000.00 Loan Term: 90 days (3 mos.) Date Disbursed: Nov. 29, 2001 Type of Business 1) Sari-Sari Store	a	Loan Recommendation Sheet	Approved; loan term not stated
	b	Promissory Note	Alternation on date not countersigned by the borrower
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	Attached to old credit files separate from this file
	f	Co-Maker's Statement	Attached to old credit files separate from this file
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Attached to old credit files separate from this file
	j	Background Investigation	Attached to old credit files separate from this file
	k	Cash Flow Analysis	Attached to old credit files separate from this file
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Attached to old credit files separate from this file
17 SALAS, GLICERIA Loan Acct. # AO: ELGIE YRIARTE Loan Details: Loan Cycle: 2nd Cycle Amount Disbursed: P10,000.00 Loan Term: 90 days (3 mos.) Date Disbursed: Jan. 08, 2002 Type of Business 1) Beauty Parlor	a	Loan Recommendation Sheet	Approved; loan term not stated
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete (duplicate copy only kept in the current credit file)
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	Attached to old credit files separate from this file
	f	Co-Maker's Statement	Attached to old credit files separate from this file
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Attached to old credit files separate from this file
	j	Background Investigation	Attached to old credit files separate from this file
	k	Cash Flow Analysis	Attached to old credit files separate from this file
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Attached to old credit files separate from this file
18 SALADA, FLORDELIS	a	Loan Recommendation Sheet	Approved; Loan term & amount not stated

Loan Acct. # AO: ELGIE YRIARTE Loan Details: Loan Cycle: 4th Cycle Amount Disbursed: P10,000.00 Loan Term: 90 days (3 mos) Date Disbursed: Nov. 13, 2001 Type of Business 1) RTW Retailer 2) Trimotor	b Promissory Note	Complete
	c Disclosure Statement	Complete
	d Deed of Assignment of Dep.	N.A.
	e Security Agreement	Attached to old credit files separate from the current file
	f Co-Maker's Statement	Attached to old credit files separate from the current file
	h Application/Repeat Loan Form	Complete
	l Credit Investigation	Attached to old credit files separate from the current file
	j Background Investigation	Attached to old credit files separate from the current file
	k Cash Flow Analysis	Attached to old credit files separate from the current file
	l Worksheet for Cash Flow	N.A.
	m Co-makers profile	Attached to old credit files separate from the current file
19 YONGSON, ZALDY Loan Acct. # AO: ELGIE YRIARTE Loan Details: Loan Cycle: 4th Cycle Amount Disbursed: P10,000.00 Loan Term: 90 days (3 mos) Date Disbursed: Nov. 29, 2001 Type of Business 1) TRIMOTOR	a Loan Recommendation Sheet	Approved; loan term not stated
	b Promissory Note	Complete
	c Disclosure Statement	Complete
	d Deed of Assignment of Dep.	N.A.
	e Security Agreement	Attached to old credit files separate from the current file
	f Co-Maker's Statement	Attached to old credit files separate from the current file
	h Application/Repeat Loan Form	Complete
	l Credit Investigation	Attached to old credit files separate from the current file
	j Background Investigation	Attached to old credit files separate from the current file
	k Cash Flow Analysis	Attached to old credit files separate from the current file
	l Worksheet for Cash Flow	N.A.
	m Co-makers profile	Attached to old credit files separate from the current file
20 GANZA, FE Loan Acct. # AO: ELGIE YRIARTE Loan Details: Loan Cycle: 9th Cycle Amount Disbursed: P20,000.00 Loan Term: 90 days (3 mos) Date Disbursed: Nov. 20, 2001 Type of Business 1) Sari-Sari Store	a Loan Recommendation Sheet	Approved (no approval from the Asst. GM); loan term not stated
	b Promissory Note	Complete
	c Disclosure Statement	Complete
	d Deed of Assignment of Dep.	N.A.
	e Security Agreement	Attached to old credit files separate from the current file
	f Co-Maker's Statement	Attached to old credit files separate from the current file
	h Application/Repeat Loan Form	Complete
	l Credit Investigation	Attached to old credit files separate from the current file
	j Background Investigation	Attached to old credit files separate from the current file
	k Cash Flow Analysis	Attached to old credit files separate from the current file
	l Worksheet for Cash Flow	N.A.
	m Co-makers profile	Attached to old credit files separate from the current file
REMARKS: NOTARIAL FEES ARE INCONSISTENTLY COMPUTED IN THE DISCLOSURE STMT.; OLD CREDIT FILES NOT ATTACHED TO THE CURRENT CREDIT ENVELOPES;		

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Enterprise Bank, Inc.
Tandag Branch
Jan. 23, 2002

Name of Borrower	Documents Checked	Remarks
1 YU, JOSEPHINE Loan Acct. # AO: Rosemarie Nunez Loan Details: Loan Cycle: 3rd Cycle Amount Disbursed: P25,000.00 Loan Term: 4 mos. Date Disbursed: Jul. 27, 2001 Type of Business: 1) Sari-Sari Store 2) Agrivet Supply	a Loan Recommendation Sheet	Approved; loan term not stated; no approval of Asst. GM
	b Promissory Note	Complete
	c Disclosure Statement	Complete
	d Deed of Assignment of Dep.	N.A.
	e Security Agreement	Pre-signed debit authority & deed of assignment in payment of debit
	f Co-Maker's Statement	Complete
	h Application/Repeat Loan Form	Complete
	l Credit Investigation	With CI report from the previous loan
	j Background Investigation	N.A.
	k Cash Flow Analysis	With cash flow analysis from the prev. loan; erroneous max.loan entitlemnt
	l Worksheet for Cash Flow	N.A.
	m Co-makers profile	Complete
2 MANTEZA, JACQUELINE Loan Acct. # AO: Rosemarie Nunez Loan Details: Loan Cycle: 2nd cycle Amount Disbursed: P10,000.00 Loan Term: 60 days Date Disbursed: Feb. 08, 2001 Type of Business: 1) Sari-Sari Store	a Loan Recommendation Sheet	Approved; loan term not stated
	b Promissory Note	Complete
	c Disclosure Statement	Complete
	d Deed of Assignment of Dep.	N.A.
	e Security Agreement	Complete; no signature of GM
	f Co-Maker's Statement	Blank date & blank employment or business data (previous loan availment)
	h Application/Repeat Loan Form	Complete
	l Credit Investigation	Complete (with previous loan availment)
	j Background Investigation	N.A.
	k Cash Flow Analysis	With previous loan availment
	l Worksheet for Cash Flow	N.A.
	m Co-makers profile	Complete

3 MONTENEGRO, JESUS Loan Acct. # AO: Rosemarie Nunez Loan Details: Loan Cycle: 2nd Cycle Amount Disbursed: P30,000.00 Loan Term: 30 days Date Disbursed: Jun. 26, 2001 Type of Business 1) Copra & Palay buy & sell	a	Loan Recommendation Sheet	Approved; loan term not stated; no approval of Asst. GM
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	With Deed of Absolute Sale; with pre-signed deed of assignment in paymnt.
	f	Co-Maker's Statement	Complete
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Complete
	j	Background Investigation	N.A.
	k	Cash Flow Analysis	Most of the figures are monthly converted to its total amounts
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Complete
4 CHATO, HERMOSA Loan Acct. # AO: Rosemarie Nunez Loan Details: Loan Cycle: 4th Cycle Amount Disbursed: P10,000.00 Loan Term: 3 mos. Date Disbursed: Jul. 19, 2001 Type of Business 1) Sari-Sari Store	a	Loan Recommendation Sheet	Approved; loan term not stated
	b	Promissory Note	Complete
	c	Disclosure Statement	Blank data
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	Pre-sgined debit to authority; pre-signed deed of assignment in pymt to pay
	f	Co-Maker's Statement	Blank date
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Complete (with previous)
	j	Background Investigation	N.A.
	k	Cash Flow Analysis	With cash flow from the previous loan; erroneous computation of the max.loan
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Blank date
5 ANUNCIO, JOSERULLYN Loan Acct. # AO: Archiel Dahang Loan Details: Loan Cycle: 1st Cycle Amount Disbursed: P5,000.00 Loan Term: 3 mos Date Disbursed: Sept. 19, 2001 Type of Business 1) Motorized Trisikad	a	Loan Recommendation Sheet	Approved; loan term not stated
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	Complete
	f	Co-Maker's Statement	Complete
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	None
	j	Background Investigation	None
	k	Cash Flow Analysis	None
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Blank employment/business data

6 CLAR, ANITA Loan Acct. # AO: Rosemarie Nunez Loan Details: Loan Cycle: 5th Cycle Amount Disbursed: P30,000.00 Loan Term: 60 days Date Disbursed: Jun. 22, 2001 Type of Business 1) Dry Goods	a	Loan Recommendation Sheet	Approved; loan term not stated; With approval of Asst. GM
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	Pre-signed debit authority
	f	Co-Maker's Statement	None (previous loan only)
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	None
	j	Background Investigation	N.A.
	k	Cash Flow Analysis	Positive daily & monthly figures converted to weekly figures
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Complete
7 RAVAL, CARMEN Loan Acct. # AO: Rosemarie Nunez Loan Details: Loan Cycle: 2nd Cycle Amount Disbursed: P30,000.00 Loan Term: 3 mos. Date Disbursed: July 5, 2001 Type of Business 1) Cross-stitch	a	Loan Recommendation Sheet	Approved; loan term not stated; with loan approval from Asst. GM
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	Pre-signed debit authority; presigned deed of assignment in pymt to debit
	f	Co-Maker's Statement	Complete
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	None
	j	Background Investigation	N.A.
	k	Cash Flow Analysis	Erroneous daily equivalent and estimated amt, max. loan
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Complete
8 CURADA, BERNARDITA Loan Acct. # AO: Rosemarie Nunez Loan Details: Loan Cycle: 6th Cycle Amount Disbursed: P25,000.000 Loan Term: 3 mos. Date Disbursed: Oct. 25, 2001 Type of Business 1) Sari-Sari Store	a	Loan Recommendation Sheet	Approved; loan term not stated; no approval from Asst. Gen. Mgr.
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	Pre-signed debit authority & deed of assignment in pymt to debit
	f	Co-Maker's Statement	None
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Complete
	j	Background Investigation	Complete
	k	Cash Flow Analysis	Erroneous computation of max. loan entitlement
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	None

9 MOMO, ALEDI Loan Acct. # AO: Rosemarie Nunez Loan Details: Loan Cycle: 4th Cycle Amount Disbursed: P40,000.00 Loan Term: 3 mos Date Disbursed: Oct. 16, 2001 Type of Business 1) Pharmacy 2) Trucking & Hauling	a	Loan Recommendation Sheet	Approved; loan term not stated; No approval from Asst. GM
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	Pre-signed Deed of Assignment
	f	Co-Maker's Statement	Complete
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	CI report with previous loans
	j	Background Investigation	BI report with previous loans
	k	Cash Flow Analysis	with previous loans: erroneous computation of max. loan entitlement
	l	Worksheet for Cash Flow	N.A.
	m	Co-makers profile	Complete
10 QUIJADA, VIOLETA Loan Acct. # AO: Loan Details: Loan Cycle: 35th Cycle Amount Disbursed: P30,000.00 Loan Term: 7 days Date Disbursed: Sept. 14, 2001 Type of Business 1) Grocery Store 2) Corn Mill	a	Loan Recommendation Sheet	Approved; loan term not stated; no approval from Asst. GM
	b	Promissory Note	Complete
	c	Disclosure Statement	Complete
	d	Deed of Assignment of Dep.	N.A.
	e	Security Agreement	Previous loan documents
	f	Co-Maker's Statement	Previous loan documents
	h	Application/Repeat Loan Form	Complete
	l	Credit Investigation	Previous loan documents
	j	Background Investigation	Previous loan documents
	k	Cash Flow Analysis	Previous loan documents
	l	Worksheet for Cash Flow	Previous loan documents
	m	Co-makers profile	Previous loan documents